THE

BANKERS MAGAZINE

RHODES JOURNAL OF BANKING AND THE BANKERS' MAGAZINE

CONSOLIDATED

VOLUME LXXXI

JULY TO DECEMBER

1910

NEW YORK
THE BANKERS PUBLISHING CO., Publishers
253 BROADWAY

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GEORGE M. REYNOLDS

President Continental Commercial National Bank, Chicago;
Former President American Bankers' Association

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR JULY, 1910 VOLUME LXXXI, NO. 1

IMPORTANT BANK CONSOLIDATION AT CHICAGO

ARRANGEMENTS have been practically completed for the merging of the Commercial National Bank and the Continental National Bank of Chicago into a single institution, to be known as the Continental and Commercial National Bank. This consolidation also includes the American Trust and Savings Bank, an institution owned by the Continental National, and the Commercial Trust and Savings Bank, owned by the Commercial National, the succeeding institution to be the Continental and Commercial Trust and Savings Bank.

The following financial statements were used as a basis for the merger: merged institutions representing more than $200,000,000. The chief executive officers of both the old banks are widely known throughout the country. Both are Iowa men. Mr. REYNOLDS, president of the Continental National Bank, was formerly president of the American Bankers' Association. It is well known that he was offered the post of Secretary of the Treasury by President TAFT, but declined, preferring to remain in the banking business. Mr. ROBERTS, president of the Commercial National, was for several years Director of the United States Mint. He is recognized as an authority on banking and financial subjects.

	Capital.	Surplus.	Undivided Profits.
Continental (old)	$9,000,000	$4,500,000	$4,147,000
Stock dividend	1,800,000	1,800,000	....
Continental (new)	$10,800,000	$2,700,000	$4,147,000
Commercial (old)	8,000,000	2,200,000	2,825,000
New stock at $200 per share	1,200,000	1,200,000	....
Commercial (new)	$9,200,000	$3,400,000	$2,825,000
Total new bank	20,000,000	6,100,000	6,972,000

In brief, the Continental National makes new stock of $1,800,000 of its surplus and the Commercial National pays $200 a share for $1,200,000 of additional capital, in order to equalize the book values at $165 a share in the consolidation.

This consolidation is one of great importance, as the Continental Commercial National Bank will at once take rank with the very large banks of the United States, the total resources of the

Mr. REYNOLDS will be the president of the Continental Commercial National, and it is probable that most if not all those who have been officially connected with the old banks will be retained in the new.

GEORGE M. REYNOLDS, president of the Continental Commercial National Bank of Chicago, is one of the best known and the best liked bankers in the United States. Born on a farm in Iowa about forty-five years ago, he has

risen through successive stages of banking experience to the head of one of the most important banks in the country and has also been honored with the highest position the organized bankers have to bestow. He has attained these places of responsibility, power and distinction by the exercise of exceptional business ability joined to a remarkable aptitude for making a wide acquaintance among bankers and business men, with the result that these acquaintances developed into friends of Mr. Reynolds personally and of his bank as well.

Perhaps in few banks in the country— in none anywhere that we recall— has the spirit of genuine courtesy become so firmly instilled into the entire personnel of the bank as it did at the Continental National Bank under the presidency of Mr. Reynolds.

Of course, something more than courtesy is required to make a successful banker, and Mr. Reynolds is known to have the other necessary qualities. But a share of his success—and, we believe, no small share—has been due to that fine quality of consideration for others which we term courtesy, and which is the surest mark of a gentleman. Many bank officers possess this attribute as fully as does Mr. Reynolds. Few of them have succeeded so well as he in diffusing it among their associates and in making it an inviolable rule of the bank.

It has been declared by those in a position to know that the failure of one Chicago banker was largely due to a lack of courtesy. And the contrast afforded by these two examples—the one of failure, the other of success—may well furnish a lesson to be profitably studied.

As was quite fully pointed out in the April, 1909, issue of the Magazine, banking in Chicago has had a remarkable growth in the past ten years. With the development of banking in the city and surrounding territory, the consolidation of some of the existing banks was naturally to be expected, and the present merger can hardly fail to be advantageous.

We have frequently expressed the belief that a reduction in the number of the banks and an increase in their capital equipment would be beneficial. Possibly, in time, by this process a number of banks will be evolved, properly equipped and managed, for performing the functions of reserve banks.

LIMITING BANKING COMPETITION

LATELY announcement was made by Comptroller Murray that greater care would be exercised hereafter in granting charters for new national banks in places where the need for banking facilities appeared to be adequately supplied by the existing State banks.

This decision will tend to limit unwise banking competition and to improve conditions generally among the banks, for the too eager bidding for business is generally recognized as a fruitful source of disaster to banks that engage in it.

There is much ground for believing that the public would be benefited just now not by multiplying banks but by improving those we already have.

POLITICIANS AND THE CRITICS

FROM different sources, both of high authority, come severe denunciations of the critics—those superior souls who from their serene retreats tell how everything ought to be done from governing the country to playing a Beethoven sonata.

First, Colonel Roosevelt, in his Paris lecture, declared, "It is not the critic who counts." As the Colonel himself is one of the most vigorous critics the

world has ever produced, what he probably meant to say was, "*Other* critics do not count."

And we suspect that Colonel ROOSEVELT's successor in the White House also regards the critics as a low-browed lot. In the June number of the "World's Work," WILLIAM BAYARD HALE has an article on "The President at Work," giving, no doubt, a substantially accurate representation of the daily routine at the White House. Speaking of the President's attitude toward public sentiment, Mr. HALE says: "In newspaper criticism he takes no stock. He puts his trust in the good friends around him and the consciousness of his own integrity." Possibly, also, he may trust too implicitly to his own infallibility.

Newspaper criticism, especially of persons of the opposite political faith, is often narrow and prejudiced; but he who "takes no stock" in it neglects one of the chief sources of gauging public opinion aright, and public opinion can hardly be totally ignored in a republic.

No doubt the "good friends" of whom Mr. HALE speaks generally try to make themselves agreeable. The buzzing of the court flies always tickles the ruler's ears though it may dull his ability to hear the truth.

Neither the indifference of the President nor the denunciation of the ex-President will deter the conscientious newspaper critics from pointing out their conceptions of public duty. Should they do so, we are sure that in the end Mr. TAFT and Colonel ROOSEVELT would be as sorely grieved as the exploiters of the public would be elated. The private interests desiring to gain special advantages by legislation and to put their hands deep into the public treasury would be glad to see the newspaper critics silenced. But our two most illustrious citizens have nothing to fear from just and honest criticism of their acts.

COMMERCIAL REPORTS BY BANKS

ONE of the many gratuitous services performed by banks is that of giving information regarding the financial standing of persons or firms. The banks have come to be regarded as a sort of gratuitous commercial agency.

An interesting case, involving such service, was recently decided in England. It seems that one of the London banks addressed to a private banking firm a letter of inquiry as to the financial standing of a certain person, to which the reply was given, "considered good." It turned out not to be a good guess, and the private banking firm was sued for damages, but escaped because the answer to the inquiry did not bear the firm's seal. But the manager was held liable in damages amounting to £1,000. The ground of the verdict was that the manager gave his opinion recklessly and carelessly, without having fully satisfied himself as to the accuracy of his report. In giving his decision the judge said that he thought banks "should not give information at all if it was not to be complete; they were bound to make a thorough inquiry before they answered the question, or not to answer it at all."

Commenting on this decision, the London "Bankers' Magazine" says that if this principle is upheld it will be fatal to the whole system of such inquiries, "a system which, whatever its defects, is of enormous use in the fabric of credit. It is perfectly certain that that system is carried on, and the information obtained under it accepted and acted on, on the understanding that the underlying principle is not the one enunciated by Mr. Justice RIDLEY, but the one put, quite accurately, by Mr. BANKES, counsel for the defendants. He said: 'This is not a case of paying an enquiry agency to make a thorough investigation; nothing is paid here, and no one could complain that the defend-

ant did not make enquiries; all he was bound to do was to give an honest opinion on such facts as he had before him.' A moment's reflection will show that no other principle is possible."

As the case is to be further heard in the Appeal Court, it is possible the decision as above stated may be set aside.

In this country the practice of giving information of the character involved in this case is widespread. As the national banks at least have no authority to give a general guaranty, they usually escape legal responsibility for their opinions.

PRESIDENT NOT FOR CENTRAL BANK

WHEN it was announced about a year ago as a result of his speech at Boston that the President favored a central bank, we said that this was a most important piece of news, for it showed that Mr. TAFT had fallen under the then potent spell of Mr. ALDRICH and indicated that the leaders of the Republican party were preparing to override public sentiment and push the central bank scheme through. But evidently the President has received some light on the subject. He probably realizes by this time that neither the central bank plan nor any other plan which Mr. ALDRICH is likely to favor will meet with the approval of the people.

Recently the Washington (D. C.) "Post" published the following inspired statement, coming from Mr. MACVEAGH, the Secretary of the Treasury:

"Mr. TAFT was misquoted in the reports of his Boston address. The President is not in favor of a central bank at the present time; and he has personally requested me to advise you that he is not advocating the establishment of such an institution."

It seems that the President found it necessary to make this declaration, as many bankers and others were of the belief that the central bank scheme had the President's support and was to be made a party measure. They did not hesitate to express their disapproval of such a course, hence the President's disclaimer.

Recent Washington dispatches state that the central bank plan is dead. But it may be that the advocates of this plan are playing a waiting game, and that the snake is only scotched, not killed.

President FRANCIS B. REEVES of the Girard National Bank, Priladelphia, aptly said some time ago that even if the country should get the central bank started it would be short-lived. As Richard Third remarked ungallantly of Lady Anne: "I'll have her, but I'll not keep her long."

To establish a bank as a conservator of the public credit upon what must prove a temporary foundation, would seem to be an act of supreme folly. Those who propose such a course are apparently so enamored of their own opinions that they are blind to actual conditions.

THE PROMISSORY NOTE

FOREIGN financial writers and others who have compared our credit instruments with those employed in Europe have criticised the American promissory note, which occupies so important a place in the portfolios of our banks.

Perhaps the safety and flexibility of our money market might have been greater had our banks developed a larger use of the accepted bills so widely used in Europe. Nevertheless, the promissory note has been of the highest service to the business community, particularly to the farmers and small traders who might find it difficult in providing commercial paper of the character required by the European banks.

In this country there are many bor-

rowers also who can not offer collateral in the shape of stocks or securities, but they need banking accommodation and deserve it. Indeed, it will probably be found that the payment of loans of this character occasions less disturbance to the money market than the call loans which are better secured.

We have no doubt that the greater employment of the accepted bills used in Europe would be of much advantage here, but at the same time it should not be forgotten that under conditions as they exist the single-name promissory note is a credit instrument of great usefulness.

MEXICAN RAILWAYS LISTED IN PARIS

MUCH comment was occasioned by the recent announcement that the second preferred stock of the National Railways of Mexico had been admitted to the regular list of the Paris Bourse.

While the negotiations that led to this result were directed by Messrs. Ladenburg, Thalmann & Co., who with Kuhn, Loeb & Co., Speyer & Co., Hallgarten & Co., and other bankers were readjustment managers of the Mexican Railways, there is no doubt that Finance Minister LIMANTOUR greatly assisted in the matter. French investors are heavily interested in railways and banking in Mexico already.

LIMITING INTEREST ON DEPOSITS

AT the last annual convention of the New Jersey Bankers' Association action was taken looking toward an agreement to pay no more than three and one-half per cent. on savings and time deposits and to limit the interest on active accounts showing a balance of not less than $500 to two per cent.

We believe that the St. Louis bankers a short time ago took some action of a similar character, but they were informed that such an agreement would be a violation of the anti-trust act. It is hoped that Jersey justice may not be invoked to prevent the bankers of New Jersey from carrying out what is certainly a laudable purpose.

Undoubtedly the offering of high rates of interest to secure deposits constitutes a serious evil, and one that it is extremely difficult to cure except by concerted action. For if a few banks persist in offering a high rate, the other banks are almost forced to adopt a similar policy, however much they may disapprove of it in principle.

The New Jersey bankers in this matter have acted in a way that will still further raise the already high reputation borne by the banks of that State.

REGULATING THE BIG CORPORATIONS

ADDRESSING the Graduate School of Administrative Science of Harvard University recently, GEO. W. PERKINS, of the firm of J. P. Morgan & Co., said:

"The officers of great corporations should realize that such concerns are more nearly public institutions than private property. I firmly believe that substantial progress in this direction is being made. While the agitation of the last few years has been unfair and harmful in many instances, on the other hand it has set business men thinking; has awakened the business conscience, and has brought a new realization of the fact that it is as true of business as it is of the individual that there is no permanent success unless it be based upon integrity of character.

"Let those of us who are in business be fair with the people and the people will be fair with us; let us see and accept the tendency of the times; let us realize our responsibilities, and our

problems will be far easier of solution. If we believe that in our Republic the people's word is law, let us believe it in all things, and if the people have decided that the time has come to take a hand in how business shall be conducted, is it not plain business sense to meet the question at least half way rather than fight it all the way? Politics has fought business and business has fought politics until both have been sorely wounded, and in the general scrimmage the public has had a pretty hard time, and under the circumstances has been long-suffering and patient.

"Giant corporations would be, not a menace, but a great public benefit, if managed under laws that would compel proper publicity and punish officers for improper methods.

"How can this be done? Here is the problem for us all to think about. For my part, out of the multitude of suggestions there seems to be but one possible course, viz., national control, accompanied by publicity. State control is impossible because steam and electricity have largely wiped out State lines in commercial undertakings."

CREDIT FOR FARMERS

AN interesting suggestion comes from Rome, written by David Lubin, delegate of the United States International Institute of Agriculture. It deals with the provision of better means of supplying credit to cotton-growers and farmers. Mr. Lubin says that these producers now sell their product at the lowest price and procure their money or credit at the highest price. In order that the agriculturists may have access to a cheaper source of obtaining credit, he proposes "the formation of coöperative groups among the farmers, and by the syndicating of their individual assets into one collective negotiable bond. The formation of such rural groups, and the offering of such bonds as security, would soon attract the serious attention of capital, direct from its principal and its first sources."

In view of the enormous importance of the agricultural interests of the United States, it is remarkable that Congress has not legislated for the establishment of some kind of an agricultural credit institution. The national banks were, properly enough, prohibited from lending on real estate, but nothing was done to supply the need which this prohibition was bound to create. It may be justly said that the demands for agricultural loans have been fully supplied by institutions originating under State laws. But it may be possible that if national institutions had been established the securities issued by them would have more readily found access to the world's supply of capital than has been the case with the mortgages negotiated by the State banks or by local mortgage companies.

Congress has authorized an agricultural bank in the Philippines, but has not apparently been favorably impressed by the arguments looking to the establishment of such an institution here.

A national corporation designed especially to make advances to farmers on real-estate security might be beneficial in relieving the State banks of some of the business of this character, thus leaving their funds freer for ordinary commercial purposes.

CREDIT INFORMATION FOR EXAMINERS

ACCORDING to recent reports, examiners of national banks are to be supplied with information regarding the credit of borrowers from these institutions.

Reports conveying information of this character are to be made to the

Comptroller's office semi-annually after the meetings held at those periods by the district examiners. They are to show the general conditions in the districts, the number of examinations of banks that have been made, a list of those requiring examination more than twice a year, a list of defalcations, of financiers of "questionable methods," of the "outside or foreign" paper of borrowers whose principal headquarters or places of business are outside of the district covered by the reports, doubtful or questionable paper in which officers or directors or persons or firms are interested, and large or extended lines of credit.

By having such information available the examiners will be able to determine the condition of the banks more accurately than heretofore.

It is understood that a similar plan of compiling credit information has been in use by the Banking Department of the State of New York for some time, and has served a good purpose.

Bankers have for many years discussed the propriety of establishing a central credit bureau to collect information about borrowings from the banks, such information to be available to all the subscribing banks. While the discussion has developed some practical difficulties in the way of the successful working of a bureau of this character, they are not believed to be insurmountable. Possibly the Comptroller's office and the State banking departments might be the proper channels through which such information could be collected and disseminated among the banks under proper restrictions.

No doubt where the banks have adopted clearing-house supervision and examination, it is now possible for the clearing-house examiners to keep watch over the borrowings from different local banks, but this information is very much restricted in character. For instance, the clearing-house examiner of the Chicago banks would know how much a certain firm had borrowed of all the banks of that city, but might have no means of determining how much the same firm had borrowed of banks in other cities. By the system of exchanging information among the national bank examiners this difficulty will be overcome, but unless the information is available to the banks, as well as to the examiners, it will fall short of what could be desired.

When the banks are able to know how much their dealers are borrowing, not only locally but generally, the possibilities of losses due to excessive borrowing will be greatly reduced.

TAINTED MONEY

As the summer approaches, the troubles of mankind, actual or prospective, seem to multiply. No sooner have we passed safely through the tail of the comet than sun-spots and other dangers menace us. Now comes an enterprising citizen who coolly tells us that on a dollar bill microscopically examined 92,000,000 germs were found, of manifold variety, including smallpox, scarlet fever, typhoid fever, tuberculosis and diphtheria. On another bill were found 13,518,000 living bacteria.

Still, the presence of these deadly germs on the country's paper does not seem to curtail the lives of the receiving and paying tellers of the banks, who quite frequently live long enough to become assistant cashiers, cashiers and even sometimes vice-presidents and presidents, and those who handle the dirty paper money in the redemption division of the Treasury Department at Washington are accounted pretty good risks by the insurance companies.

Many people minimize the risk of infection from this form of tainted money by keeping bills in their possession for a short time only, passing them on to the landlord, butcher,

milliner and others who seem insensible of the risks they assume in accepting them.

But it would be a good thing if it were possible to have only clean bills in circulation. The "crisp" money of fiction should be realized in fact. There are so many kinds of currency issued in this country that the problem is not a simple one; still, great improvement could be made with a little more determined effort.

If the Government were to quit issuing paper money (except perhaps the gold certificates) the cleanest and best kind of a circulating medium—bank checks—might be more widely used. Even some form of check in denominations of one and two dollars might be devised, to be promptly redeemed and not reissued.

TRAVELLERS' CHECKS AND BANKERS' MONEY ORDERS

GREAT success has attended the travellers' checks introduced by the American Bankers' Association. These instruments have proven safe and are undoubtedly becoming deservedly popular.

Similar success has not resulted in the attempt to provide what are styled bank "money orders." It seems that some of the banks balked at having these money orders insured by a surety company, and that it has not been practicable in all cases to get the banks in the central reserve cities to cash the "orders" at par.

It is said that the money-order business done by the Government and by the express companies reaches the enormous sum of $700,000,000 annually.

The banks have it in their power, at any time they choose, to get this business away from the Government and the express companies by offering a cheaper and better service. It is perhaps true that the banks would profit enormously if they would furnish such orders without extra charge and provide for cashing them at par everywhere throughout the country. At first sight this might look like philanthropy, but it would probably be found to be excellent business policy. The bringing of $700,000,000 annually into the banks that now goes to the postoffices and to the express companies would of itself be no small achievement. But the benefit would not stop there, the banks would have many new accounts and their deposits would be largely increased.

As this MAGAZINE stated several years ago, if the custom of charging on out-of-town checks becomes general, it will have the effect of rendering such charges nugatory. This was admitted by Mr. WEXLER, the new president of the Clearing-House Section of the American Bankers' Association, who said, in accepting election to that office at the Chicago convention:

"If all the banks in the country handled all the items of their customers entirely free of charge, it would be an ideal arrangement, and would work out exactly the same result as if each charged a uniform rate."

Mr. WEXLER further declared, however, that he believed it almost utopian to expect them to handle the items free of charge. The reason is, of course, that some banks hope by the existing arrangements to be able to get the advantage of their competitors.

But it has been shown by the experience of the "foreign" clearing house at Boston that it is altogether practicable to carry out a plan which obviates the imposition of these charges.

The banks can easily see the direct profit they derive in charging for furnishing exchange and in discounting out-of-town checks. They can not so readily see the larger profit that might come to them by a policy that would make bank checks more serviceable to the

business community and that would immensely increase the deposits of the banks.

Yet the $700,000,000 annually paid for money orders ought to set the bankers thinking.

THE UNITED STATES TREASURY—VII

By William Henry Smith

ONE of the pleasant memories about the bureau of the Comptroller of the Currency is the fact that among its clerks in the early days were two men who later won wide and deserved fame in literary life—John Burroughs and William Douglas O'Connor, two intimate friends and warm defenders of Walt Whitman. Burroughs did not remain long, but rose to be a bank examiner, and was later made a receiver for an insolvent bank, and then retired, to devote himself to literary work, in which he quickly won distinction. His friend, O'Connor, remained in the bureau for a number of years, and then accepted a place with the Light House Board, and died in the service.

Mr. McCulloch, in his "Men and Measures of Half a Century," thus tells how Burroughs got into the service: "One day a young man called at my office and said to me that he understood that the force of the bureau was to be increased, and that he should be glad to be employed. I asked him if he had any recommendations. 'I have not,' he replied; 'I must be my own.' I looked at his sturdy form and intelligent face, which impressed me so favorably that I sent his name to the Secretary, and the next day he was at work as a twelve-hundred-dollar clerk. He was an excellent clerk, competent, faithful, willing. Since then he has been a worker in a different field, and become a captivating and most instructive writer. I never see an article from the pen of John Burroughs which I do not read with pleasure, and without calling to mind his appearance when he said to me, 'I must be my own recommendation.' "

Poor Whitman, the friend of these two gifted men, lived for a long time in a garret in Washington, where Burroughs and O'Connor spent many an evening, while Whitman made his evening cup of coffee in a pint cup, and ate his frugal meal off a board held across his knees. He later was given a position in the office of the Attorney-General, and fared better. The three friends were almost inseparable companions when not engaged in their office work. "The Good Gray Poet," of O'Connor, written in defence of Whitman, is fairly a flame of wit and scorn. Burroughs also wrote a defence of Whitman, which did much to place that erratic poet on the pedestal where he rightfully belonged.

Mr. McCulloch went out of that bureau to become one of the few really great Secretaries of the Treasury the country has had, while Knox and Eckels and Dawes became classed among the sound financial men of the day. It has been a great school for bankers and bankers' assistants.

When the Monetary Commission finally makes its report to Congress it is probable it will recommend several changes in the law governing the Comptroller's bureau, strengthening his hands very materially. If some one would compile the suggestions made by the different Comptrollers in their reports and put them in book form, they would make a most admirable treatise on correct banking methods. Especially is this true of those of Mr. McCulloch, Mr. Knox, Mr. Eckels and Mr. Dawes. A careful study of those reports by a young man desiring to enter upon banking as a business will give him more valuable information and instruction than he can get through any other means. Some day this work will be

lone, and then bankers will have a text-ook of the greatest value.

Comptroller's Bureau.

It was the intention of the framers f the national currency act of 1863 to eep, as far as possible, the office of Comptroller free from political influ-

LAWRENCE O. MURRAY
Comptroller of the Currency

ences; hence the term of his office was ixed at five years, and it was provided e could be removed only by the Secreary giving in writing to the Senate the auses for such removal. This is the nly officer of the government whose renoval must be reported to the Senate with the causes therefor. This was done several years prior to the enactment of what is known in Congressional history s the tenure of office act, which was passed to prevent President Johnson from making removals. He is the only bureau officer in the government who makes his report direct to Congress and not to the head of the Department.

As a rule, the selections for this important office have been wise and judicious ones, and its administration has been free from any scandals, and with the single exception of the stealing of unsigned notes, already noted, there never have been any losses. Where examiners have acted as temporary receivers of banks, and that, too, without bond, the work has been satisfactorily and honestly performed.

The present Comptroller, Lawrence O. Murray, had an excellent training before his appointment. He first entered the government service as private secretary to Assistant Secretary of the Treasury Curtis, and later was appointed chief of the organization division in the Comptroller's bureau. He served for nearly a year as Deputy Comptroller, when he resigned, to accept the position of trust officer in the Trust Company of America, in New York. He remained with that company for three years and was made secretary and trust officer of the Central Trust Company of Illinois, at Chicago. When the Department of Commerce and Labor was organized he was tendered and accepted the assistant secretaryship, and in April, 1908, exchanged that for his present position.

T. P. Kane, Deputy Comptroller, has had twenty-three years' experience in the bureau, and is, perhaps, the best posted man in the country on the national banking system. He was private secretary to one of the Assistant Postmasters General, when, in 1886, he accepted the same position with Comptroller Trenholm. He served in the same capacity during the administrations of Comptrollers Lacey, Hepburn, Eckels and Dawes, and in 1899 he was made Deputy Comptroller, and has now held that office for ten years, a much longer period than any other Deputy. So thorough is his knowledge of the system that in 1908 Secretary Cortelyou requested him to prepare for submission to the National Monetary Commission suggestions as to what amend-

ments the law needed. He prepared an elaborate paper on this subject, carefully digesting each section of the law, and when the Commission met in Washington he was requested by Comptroller Murray to attend the sessions of the Commission, explain the workings of the law, and the reasons for suggesting the various changes. He did so, and the Commission highly complimented him for the manner in which he had furnished it with all the information called for.

Willis J. Fowler, the Second Deputy, has been connected with the bureau since 1886. Early in his office career he was assigned to work incident to assembling and analyzing statistics for the Comptroller's reports to Congress, and by reason of his knowledge of the printing business, to a general supervision of the issue of the reports. In 1901 he was promoted to the position of chief of the organization division, and in July, 1908, to a Deputy Comptrollership, the appointment being made by the President, at that time. In a later act this appointment, like that of the First Deputy, was lodged in the Secretary, and Mr. Fowler was reappointed. In the absence of the Comptroller and First Deputy Comptroller he acts as the official head of the bureau.

The working force of the bureau is divided into three divisions—of organization, of reports and of redemption, each under a competent chief. To the first is assigned the work of receiving all applications for charters and the issuance of certificates; to the second, the handling and tabulating all reports of the conditions of the associations, and to the third, the supervision of redemption of notes.

Powers and Duties of the Comptroller.

The office of Comptroller of the Currency is one of the most important of the minor offices of the government. Upon his efficiency and watchfulness depends, in a very large degree, the interests of the depositors in the national banks. The bill-holder is protected by the deposit of bonds to secure the circulation. The Comptroller carefully watching over the impairment of the capital of the banks, from any cause, whether it is from excessive loans, or other bad management, is guarding the interests of the depositor, and by his firmness in forcing the directors and stockholders to promptly make good any such impairment, he frequently saves the depositors from loss. By tact and good judgment, coupled with firmness, on many occasions he has been able to save banks from failing, and in other cases has materially aided in the work of reorganization to such a degree that no loss was incurred.

Much depends upon his exercising due discretion in all cases where the capital has been impaired or where the bank has made excessive loans. He can only intervene in a drastic manner when certain circumstances arise, and they nearly always arise when it is too late to save the bank, or the depositors from meeting with loss. Occasions arise when if permitted by the law to intervene he could effect a saving to both depositors and shareholders, but as the law stands, when he finds a bank with an impaired capital, he must give the bank officers a certain time to make the capital good, knowing from the circumstances that it cannot be done, yet under the law he can do nothing until the expiration of the time, and all the while the bank goes on receiving money from its depositors, piling up its liabilities. He gives the warning, but if the officers fail to heed his warning, he is powerless to act with the promptness necessary.

An inefficient Comptroller, or one lacking in tact and judgment, might work untold injury to a bank, and all connected with it. He exercises the authority to look into the security on loans, and pass upon their sufficiency, and if in his judgment the security is not sufficient to require the bank to demand additional security or call in the loan. This, in the hands of an incompetent person, or one lacking in sound judgment, would be a dangerous power.

His position is that of a supervisor of banks operating under the national system, and as a supervisor he should be a man of sound discretion, neither hasty in his conclusions or judgments, nor careless and indifferent. He should have such a standing with the banks that his mere warning would be sufficient to call for active and quick response from the banks.

THOMAS P. KANE

1st Deputy Comptroller of the Currency

The law is not "a rope of sand," as Comptroller Murray seems to think. It may need strengthening in some parts, but a Comptroller has it in his power to enforce all the regulations he may adopt under the law, and while the banks may be at fault sometimes, they are not always in the wrong, and the blame for the non-enforcement of the law may occasionally rest on the shoulders of the Comptroller. He alone makes the selection of the examiners, and if they are not the right kind of men, he is alone responsible, and not the banks. If he, unfortunately, as officers will occasionally do, selects the wrong man, it need take but a short time to convince himself of that fact, if he is in diligent touch with their work, and he can promptly remove the inefficient or careless subordinate.

It is a position which requires the head to be in constant and close touch with every department of its workings, and the interests of thousands of depositors as well as those of the shareholders depend upon his vigilance. It is an onerous and responsible position, and those who lose through the failure of a national bank are frequently too quick to blame him for the loss. If he should hastily close a bank that is really solvent, he occasions a very great injury to the shareholders; if he gives a bank a little too much leeway, and it proves insolvent, he causes a loss to the depositors that might have been saved by a little more promptness of action. He has the power to have the affairs of a bank examined at any time when he has any reason for believing that its business is not conducted in a safe way.

His duties are not confined wholly to issuing circulating notes to the banks and redeeming those sent in for cancellation, and watching the interests of the government to see that it suffers no loss from an over issue of notes, or through the depreciation of the bonds deposited to secure the note-holders. If that were all, his responsibility would not be so very great, for it would be an easy matter to prevent an overissue of circulating notes, and as the deposited bonds are those of the government they are not likely to depreciate in value so as to cause a loss to the government in redeeming the notes, for the government will always have to pay par value for its bonds.

But by virtue of his office he has, in a certain degree, an oversight of the interests of all depositors in the national banks. In fact, he is not alone the Comptroller of the Currency, but is the government's supervisor of all banks doing business under the national au-

thority. The fact that they are organized under government authority gives them a certain credit and standing with the public, and it is the duty, so far as may be possible, for the government to see that such credit and standing is not impaired. Hence the necessity of careful selection in naming a person for this high office.

The Comptrollers have not always been of the same mind on every question connected with the banking law, the administration of their office, or as to amendments to the law, but they have uniformly favored the national currency as against that issued directly by the government, and have all been in favor of strengthening the powers of the Comptroller in certain directions, and of a widening of the opportunities for entering into the National Bank System.

On the question of retiring the government notes, Comptroller Knox, in his report for 1876 called the attention of Congress to the heavy expense the government was necessitated to undergo in maintaining its notes at par, and said that a point must finally be reached when the banks should issue all the credit currency.

In 1897 Comptroller Eckels reviewed the whole situation in an elaborate and very able report, and made a strong plea in favor of retiring the government issues. Unlike Mr. Knox and others of his predecessors, Mr. Eckels favored a bank note currency, issued on the assets of the banks, and this has found much favor in certain quarters, but is just as warmly opposed in other sections.

Mr. Eckels was followed in office by Mr. Dawes, equally as able a financier, but of a totally different opinion on the subject of asset currency. His argument was peculiarly able and backed up and supported by numerous carefully prepared tables. His contention was that such a course would result in great loss to the depositors. Mr. Dawes was also an advocate of the doctrine that note-holders should not be preferred creditors of a bank.

Powers and Duties of the United States Treasurer.

The Treasurer is the only other officer in the Treasury Department who has much to do with the banks.

In the original law establishing the Treasury Department it was provided that there should be a Secretary, an assistant to the Secretary, a Comptroller, a Register and a Treasurer. The Treasurer was made the custodian of all the moneys of the government and paid them out on the order of the Secretary. Until the administration of President Jackson his duties and responsibilies were not very arduous, but when the deposits were withdrawn for the United States Bank and scattered around among the "pet" banks, his cares and worries increased out of proportion to the dignity of his office. When an independent treasury was finally created, his office became one of great responsibility and great importance. He became in fact, as well as in name, the chief disbursing officer of the government, and such he is now, with the added care of the hundreds of millions of money kept constantly in the treasury vaults.

He is the trustee of the bonds held to secure national bank circulation, and is the redemption agent for national bank currency, as well as for all United States notes. His vaults are the great show place of Washington and but few visitors to that city fail to go through the corridors and peer through the grated doors and gaze on the great piles of coin and other currency stored therein. On days when the building is open a pretty constant stream of visitors can be seen going to look at the vaults.

There has always been a sentiment in some parts of the country in favor of retiring the national bank currency and substituting therefor notes of the government. At one period this feeling was very strong throughout the country, and it found its main help in that direction in the Treasurer's office. John Jay Knox in his "History of Banking," in referring to the act of June 20, 1874, says:

"The act of June 20, 1874, was originated through the influence of certain officials in the Treasury upon that portion of Congress who were in favor of the legal tender notes. This kind of influence is often very much more potent than is generally suspected. The tendency of all government bureaus is to magnify their own importance. The

WILLIS J. FOWLER
Deputy Comptroller of the Currency

position of the national banking bureau in the Treasury Department was at the commencement very strong. With Secretaries Chase, Fessenden and McCulloch, the legal tender note was but a temporary expedient, while the national bank currency was to be the permanent money of the country. With Boutelle and Richardson the importance of the legal tender note as a financial factor in increasing the power of the Secretary, began to gain on the national bank note. This tendency began to be felt in the subordinate offices.

"With legal tender notes the Treasurer's office, which had charge of the preparation, signing, issuing and redemption of these notes, gradually acquired more power. The Treasurer was a much more important official with greatly increased patronage. The handling of the United States notes caused him to be in more frequent consultation with the Secretary. The office of the Comptroller of the Currency did not tend to establish such close relations. In fact, there were from a very early day two factions in the Treasury Department, the legal tender faction and the national bank faction. The former, whenever they had opportunity, did what they could to prevent the retirement of legal tender notes and the substitution therefor of national bank currency. Many of the most effective arguments against the banks were furnished to members of Congress from this source."

Since the above was written by Mr. Knox there has been less of that strife between the two offices, owing, possibly, to the fact that the status of the two currencies has been more definitely fixed. The amount of the outstanding legal tenders has been permanently determined, and that of national bank notes is now without limitation. There may come a time when the government will call in its legal tender notes, leaving the banks to supply all the circulation except silver and gold certificates.

There will always be some friction between government bureaus whose duties are similar, and while the government has a note outstanding, unless they are placed under the same authority which supervises the national bank circulation, this friction will continue in some degree. Some day Congress will be wise enough to consolidate the currency of all kinds under one jurisdiction.

The Treasurer is very closely identified, however, with the banks in another way. It is from money under his control that they are so frequently relieved in times of money stringency. It is

true that he makes deposits or withdraws them on the order of the Secretary, but under the law the Treasurer alone is the custodian of the funds of the government, and it is possible he might have the right to refuse to deposit or to change deposits. Such a question has not yet arisen, and the authority of the Secretary in such matters has not been questioned.

(To be concluded.)

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

ACCOMMODATION INDORSERS—ORDER OF LIABILITY.

IN RE McCORD.

UNITED STATES DISTRICT COURT, S. D., NEW YORK, FEBRUARY, 1910.

The mere fact that indorsers are accommodation parties, and known to one another to be such is not sufficient to change the general rule that prior indorsers are liable to those who are subsequent; but for this purpose it is necessary to show a specific agreement that they shall be liable ratably.

IN the matter of William McCord, bankrupt. On review of decision of referee.

HOLT, *D.J.*: I am not able to concur with the conclusion of the referee referee in this case in respect to the eight notes which remain in controversy. Seven of those eight notes were made by the Meers Artificial Leather Company, and were indorsed by McCord, the bankrupt, by Frank Squier, and by two or three others; each indorsing for the accommodation of the makers. The other note was made by H. & J. T. Slade, and indorsed by McCord and Squier; each indorsing for the accommodation of the makers.

The money received from the discount of these eight notes was paid either to the Meers Artificial Leather Company or to the Manufacturers' Mercantile Company. Neither McCord nor Squier ever obtained any consideration or benefit for his indorsement. On each of these notes McCord's indorsement was prior to that of Squier.

At the maturity of these notes, Squier was called upon by the holders to pay them, and did pay them. He subsequently went into bankruptcy, and his trustee in this proceeding has proved for the full amount of the notes against the estate of the bankrupt.

The referee has held that McCord, Squier, and the other indorsers were all accommodation indorsers, and that each knew that the others were such, and for that reason he has held substantially that all these accommodation indorsers are sureties as between themselves, and that each is liable only for his proportionate share of the amount due on the notes. The referee has accordingly reduced the claim of the trustee of Squier from the total amount paid on the notes, for which the claim was filed, to the bankrupt's proportionate share of such amount.

It is undoubtedly well settled that accommodation indorsers can, by agreement among themselves, restrict the liability of each to his proportionate share, or, indeed, make any other arrangement as to their liability to each other which they see fit to make. But it is, of course, fundamental in the law of commercial paper that, in the absence of any such agreement, an indorser who pays a bill or note has recourse against each prior indorser for reimbursement.

I do not understand that the mere fact that indorsers are accommodation indorsers, and known to each other to be so, is sufficient, without proof of an

express agreement, to change the general rule of law that prior indorsers are liable in solido to subsequent indorsers who have paid a note. There must be, as I understand the rule, a specific agreement, as between the various indorsers, that they shall only be liable ratably. If there is no such agreement, the law fixes their liability in accordance with the order of the names on the paper. (McCarty vs. Roots, 62 U. S. 432; Easterly vs. Barber, 66 N. Y. 433; Kelly vs. Burroughs, 102 N. Y. 93; Egbert vs. Hanson, 34 Misc. Rep. 596, 70 N. Y. Supp. 383). Each of these accommodation indorsers indorsed each of these notes in the same order. McCord, the bankrupt, indorsed first, the others next, and Squier last. In the absence of evidence of a specific agreement to the contrary, the order of the indorsements indicates an understanding between the indorsers that Squier, if he paid the notes, was to be entitled to recourse against each of the others, and that McCord, being the first indorser, in substance guaranteed each of the other indorsers against loss. I have read over the evidence, and there is no proof of any specific agreement between the indorsers.

I think, therefore, that under the fundamental principles governing the law of mercantile paper and the express provisions of the Negotiable Instruments Law, §§ 55, 114, 118, Squier's trrustee is entitled to prove his claim against the bankrupt's estate for the full amount paid on the eight notes in question.

PAYMENT OF CHECK OF CORPORATION NOT PROPERLY COUNTERSIGNED.

ELLIS vs. WESTERN NAT. BANK ET AL. WESTERN NAT. BANK vs. LOUISVILLE TRUST COMPANY ET AL.

COURT OF APPEALS OF KENTUCKY, JAN. 19, 1910.

Where the by-laws of a corporation require its checks to be signed by the president and countersigned by another officer of the corporation, the drawee bank, having knowledge of the by-law, has no authority to pay checks signed by the president alone.

LASSING, *J.* (Omitting part of the opinion): The evidence in this case has taken quite a wide scope, but the real issue is a comparatively narrow one, being confined to the question as to whether or not the check upon which the bank undertook to withdraw $1,000 from the account of said insurance company was so drawn that it could properly be held to be the act of said insurance company.

It appears from the record that in order for the insurance company to receive the sanction of the insurance department to commence business, it was necessary that it have on hand a certain amount of cash, and, as the company did not have this necessary amount of money, an arrangement was made with the bank by J. V. Reed and Stuart E. Brannon, two of the promoters of said company, by which they executed their joint note to the bank for $1,000, the net proceeds of which was placed to the credit of the insurance company, and this sum, supplemented by the amount of the discount, made up the $1,000 which the president of the insurance company attempted to pay by the check out of which this litigation grows.

The by-laws of the insurance company provide that all checks on the deposit of said company should be signed by the president and contersigned by one of two other designated officers. The bank was advised of the existence of this by-law, and, in fact, had entered into an agreement with the insurance company that the checks were to be honored only when so drawn, signed, and countersigned.

Under this arrangement, thirty-seven checks were drawn by the insurance company and honored by the bank. The check which is the subject of this litigation was number thirty-eight, and it was signed by the president of the insurance company alone, and was made payable to the bank for the purpose of paying off and satisfying the Reed and Brannon note. When presented to the bank it was honored, and the note was paid.

At the time this check was drawn, the other officers of the insurance company,

whose duty it was to countersign it, refused to do so. The fact that it was not signed and countersigned as all the other checks had been was of itself, in the absence of any special contract and arrangement in regard to the signing of these checks, sufficient to have put the bank upon notice that this check was not such authority as would warrant it in paying out the funds of the insurance company thereon. But here we have a positive agreement between the bank and the insurance company that the checks were only to be honored when signed by the president and countersigned by one of the other officers of the insurance company, hence, no check which failed to measure up to these requirements as to the signatures of the officers of the insurance company could bind the insurance company or protect the bank against loss if paid by it.

The note in question was not the debt of the insurance company. It is true that certain of the promoters of said company had borrowed this money on their individual indorsements for the company to enable it to begin business, but the name of the insurance company did not appear upon the note which was executed to raise this money, for if it had it would have left the company in no better position than it was (toward complying with the requirements of the law) before the note was executed, for the law required that it have so much cash on hand over and above any liability.

As between the insurance company and the bank, the insurance company was not liable for the payment of this debt, and the suggestion that, even though the check was not properly drawn, the bank should nevertheless be permitted to retain the fund because it had been used to pay the debt for which the insurance company was liable, has no application here.

The bank had contracted with the insurance company that the funds of the latter should be withdrawn from the former only upon checks signed and countersigned in a certain particular way. The check in question not being so drawn, the bank was without authority to charge the account of the insurance company therewith. The bank was no more authorized to charge this account with this $1,000 check, signed by the president of the insurance company alone, than it would have been to charge the account of the insurance company with the checks drawn by the president thereof in his individual capacity. And when it paid out the money on this unauthorized check, it paid out, not the money of the insurance company, but money belonging to the bank. This being true, the chancellor properly held that it was answerable to the receiver for the benefit of the creditors of the insurance company for the full amount thereof.

PROMISSORY NOTE—BONA FIDE HOLDER—INDORSEMENT "WITHOUT RECOURSE" —STATEMENT OF CONSIDERATION.

BANK OF SAMPSON vs. HATCHER.

SUPREME COURT OF NORTH CAROLINA, DECEMBER 1, 1909.

The fact that a note discounted by a bank is indorsed by the payee "without recourse" does not impair the bank's title as a *bona fide* holder.

Nor will the fact that the nature of the consideration is stated on the face of the paper have this effect.

THIS was an action upon a promissory note executed by the defendants to the order of C. S. Lothrop & Co., and indorsed by the payees "without recourse" to the plaintiff bank at a discount of ten per cent. The defendants alleged that the note was given in a transaction in which defendants had bought from the payees the right to sell a "safety cash lock" and that there had been a breach of warranty as to the value and salability of such lock, and claimed that this defense was available as against the bank.

HOKE, *J.:* There was no evidence tending to establish any breach of contract at the time plaintiff became indorsee for value of the note sued on the testimony showing that the locks were not ordered by defendant until

June or July following, and the defects complained of were not disclosed until some time thereafter. Nor was there any testimony amounting to legal evidence to show that the plaintiff bank was interested with the payees in their transaction with defendants otherwise than as indorsees of the notes, nor to show fraud on the part of the bank in connection with the matter, or any knowledge or notice of it. On the contrary, while the trade was made in the law office of H. A. Grady, Esq., who was at the time vice-president of the bank, it appears that said Grady and the cashier of the bank had made a contract with Lothrop & Co., similar to that of defendants, and had taken the precaution to inquire as to the business standing and solvency of the payees, and had received assurances that both were good, and there was nothing offered to show that these assurances were untrue.

There are several well-considered decisions of the court which support this view of the facts in evidence, among others, Farthing vs. Dark 111 N. C. 243, and Applegarth vs. Tillery, 105 N. C. 407, and our statute on the subject (Revisal 1905 § 2205) is conclusive: "Sec. 2205. Actual Knowledge Necessary To Constitute Notice Of Infirmity. To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same the person to whom it is negotiated must have had actual knowledge of the infirmity or defect or knowledge of such facts that his action in taking the instrument amounted to bad faith." It has further been held with us (Evans vs. Freeman, 142 N. C. 61.) that the form of the indorsement "without recourse" does not affect the question, and the defense indicated in the counterclaim can only be sustained, if at all, on the ground that at the time of the indorsement the plaintiff bank was cognizant of the fact that defendants' obligation arose out of an executory contract, and was aware of its terms, and when there was nothing in such contract restricting the negotiability of the notes, nor to indicate fraud or imposition or an existent breach, and the correct doctrine is against the defense suggested on the principle stated and upheld in Mason vs. Cotton Co., 148 N. C. 492. Even when such a notice appears on the face of the note, the authorities are against defendants' position. (Seigel vs. Trust Savings Bank, 131 Ill. 569. Ferriss vs. Tavel, 87 Tenn. 386. Bank of Commerce vs. Barrett, 38 Ga. 126). The only decision we find which tends to support a contrary view is one in our own Reports. (Howard vs. Kimball, 65 N. C. 175). An examination into the facts of that case will disclose that the assignee of a note which expressed upon its face that it was given as purchase money of a certain tract of land, not only had actual notice of the defect of title at the time he purchased, but he had taken a deed for such defective title from the original vendor, and held same to be conveyed to the vendee when the note was paid. The case, therefore, is undoubtedly well decided, but in so far as the opinion gives countenance to the position that a defect of title is available against an indorsee for value of a note for the purchase money from the fact, and from that alone, that the note on its face is expressed to be for the purchase money of land, or a given tract of land, the case is not in accord with the better considered decisions. As an authority for such a position, it was in effect disapproved by a subsequent decision of this court, in Bank vs. Michael, 96 N. C. 53, in which a note of that kind was held to be "negotiable"; the term "negotiable" being used in the sense that an indorsee for value without notice ultra became the owner of the note unaffected by the equities and defenses existent between the original parties to the contract.

Our present statute on the subject would seem to put the matter at rest. Revisal 1905, c. 54 § 2153. This, being one of the sections defining what constitutes negotiability of notes, provides: "Sec. 2153. What Promise Unconditional. An unqualified order or promise to pay is unconditional with-

in the meaning of this chapter, though coupled with (1) an indication of a particular fund out of which reimbursement is to be made, or a particular account to be debited with the amount; or (2) a statement of the transaction which gives rise to the instrument. But an order or promise to pay out of a particular fund is not unconditional."

There was no error in the charge of the court or in the trial of the cause, and the judgment below is affirmed.

No error.

CASHIER—LIABILITY FOR ACTS OF ASSISTANT CASHIER.

RIO STATE BANK vs. AMONDSON.

SUPREME COURT OF WISCONSIN, DECEMBER 7, 1909.

The by-law of a bank provided that "The cashier shall be responsible for all the moneys, funds, and valuables of the bank, and shall give bond with security . . . conditioned for the faithful and honest discharge of his duties as such cashier, and that he will faithfully apply and account for all such moneys, funds and valuables," etc.

Held, that he was liable for any shortage in the funds of the bank, though such shortage had occurred through mistakes or malfeasance of the assistant cashier.

THIS was an action by the Rio State Bank to recover of its former cashier, $59.80, alleged to have been received and never accounted for. The defendant denied any shortage, and also alleged that if shortage in fact occurred it was in his absence, when the bank was in charge of an assistant cashier, and hence that he was not responsible therefor. The action was tried before a jury. It appeared: That the defendant became the cashier of the bank upon its organization in the fall of 1900, and remained such until January 30, 1905. That at the time he was elected and entered on his duties a by-law of the corporation, which was known to him, provided that: "The cashier shall be responsible for all the moneys, funds, and valuables of the bank and shall give bond with security . . . conditioned for the faithful and honest discharge of his duties as such cashier, and that he will faithfully apply and account for all such moneys, funds, and valuables," etc. That he gave a bond conditioned in the words of the by-law. That another by-law of the bank provided that the assistant cashier should be responsible for all such sums of money, property, and funds as might from time to time be placed in his hands by the cashier, or otherwise come into his possession, and should also give bond for the faithful discharge of his duties. That Charles Caldwell was appointed assistant cashier and gave bond, but that he was in other business, and only acted when he was requested to take charge of the bank during occasional absences of Mr. Amondson. That during the year 1904, the bank books showed three shortages of cash which have never been and could not be explained, viz.: January 10th, $10.80; May 31st, $20; and October 11th, $29—making a total of $59.80. That upon other days, distant in point of time from the shortages, there were certain excesses of cash found, called "longs," amounting to $74.50, which never had been, and could not be, explained. There was evidence tending to show that the assistant cashier, Caldwell, was actually in charge of the bank on the days when the shortages occurred, and, as this was the only question of fact in the case, the court submitted to the jury, asking in effect, as to each shortage, whether it occurred while the assistant cashier was in charge. The jury answered, "Yes," to each question, and the court upon motion rendered judgment for the plaintiff for the amount of the shortages, nothwithstanding the verdict, from which judgment the defendant appealed.

WINSLOW, *C. J.:* The action is brought upon the contract of employment, not upon the bond. The trial court granted judgment for the plain-

tiff non obstante, for the reason that he deemed the defendant's liability was fixed by the by-law, and in this conclusion we agree. The by-law whose terms he knew, and which became a part of his contract, provided that he should be "responsible for all the moneys, funds, and valuables of the bank." Words of broader meaning could hardly have been used. They indicate unmistakably the intent of the corporation to place the whole responsibility for the safe conduct of the bank's business upon the shoulders of the cashier, whether the actual transactions should be carried on by him or by subordinates. This intent appears all the more plainly by comparing the liability thus placed upon the cashier with the limited liability placed upon the assistant cashier by the other by-law referred to in the statement of facts. Whether the cashier is made an insurer so that he would have to replace funds destroyed by fire or taken by robbery is a question not involved in the case and hence not decided. We are fully satisfied that the language was intended to, and does, fairly cover losses resulting from mistakes or malfeasance of the cashier or his subordinates.

The proof here showed that, according to the books of the bank, kept by the defendant and his subordinates, $59.80 had been received by the bank which had never been accounted for in the cash. In the absence of explanation (and none was offered), this was prima facie proof that moneys of the bank to that extent were missing. The fact that on other and different occasions there was more cash in the drawer than the books called for cannot affect the defendant's liability. He does not claim to have paid it in, and, if others paid it in without receiving credit for it, those others are the ones to whom the bank is liable for it, if to any one.

Judgment affirmed.

BANK'S RIGHT OF SET-OFF—DEPOSIT MADE FOR SPECIAL PURPOSE.

WAGNER vs. CITIZENS' BANK & TRUST CO.

SUPREME COURT OF TENNESSEE, NOVEMBER 13, 1909.

As the relation between a bank and its depositor is that of debtor and creditor, the bank has the right to set off a balance due the depositor against his indebtedness to the bank.

But this right does not exist where with the bank's knowledge and consent the deposit is made for a special purpose.

THIS was a suit by T. H. Wagner, as trustee in bankruptcy of the Wilcox Furniture Company, against the Citizens' Bank & Trust Company to recover the sum of $6,110.98 deposited with it by the bankrupt. When the bankruptcy proceedings were commenced the furniture company was indebted to the bank in the sum of $7,363, and the bank claimed the right to apply the entire deposit to the payment of this debt. The court found from the evidence that the fund deposited was accumulated as the result of auction sales of the furniture of the bankrupt, and that it was understood by the bank that this fund was being deposited with it as a special fund for pro rata distribution among all the creditors.

McAllister, *J.:* (Omitting part of the opinion):

The defendant bank bases its right to a set-off on section 68a of the bankruptcy act of 1898 (Act July 1, 1898, c. 541, 30 Stat. 565 [U. S. Comp. St. 1901, p. 3450]), as follows:

In all cases of mutual debts or mutual credits between the estate of a bankrupt and a creditor, the account shall be stated and one debt shall be set off against the other, and the balance only shall be allowed or paid."

In the case of New York, etc., Bank vs. Massey, 192 U. S. 138, the Supreme Court of the United States, in dealing with the clause just mentioned, says:

"Section 68a of the bankruptcy act of 1898 is almost a literal reproduction of section 20 of the act of 1867."

In Sawyer vs. Hoag, 17 Wall, 610, in construing section 20 of the act of 1867 (Act March 2, 1867, 14 Stat. 526, c. 176), the court said as follows:

"This section was not intended to enlarge the doctrine of set-off, or to enable a party to make a set-off in cases where the principles of legal or equitable set-off did not previously authorize it."

The general rule is that the relation of the bank to the depositor is that of debtor and creditor, and the bank is the debtor of the depositor. (Harris vs. Bank, 110 Tenn. 249.)

"The bank holds a lien on the deposits in its hands to secure the repayment of the depositors indebtedness, and may enforce that lien as the debts mature by applying the debtor's deposits upon them, thus setting the two off against each other." 3 Am. & Eng. Ency. of Law (2d Ed.) p. 835.

It is also stated:

"The right of the bank to apply deposits to the extinguishment of the depositor's indebtedness as it matures grows out of the doctrine that relationship between the bank and the depositor is that of debtor and creditor." 3 Am. & Eng. Ency. of Law (2d Ed.) p. 835.

But it is well settled that a bank does not have "a lien upon special deposits or monies deposited for a specific purpose, as for collateral security, or for the payment of a particular debt." 3 Amer. & Eng. Ency. of Law (2d. Ed.) p. 837, and cases cited.

Again it is said:

"The proposition that there is no right of set-off against a trust deposit, nor any lien for the trustee's personal debts, is axiomatic." 3 Am. & Eng. Ency. of Law (2d Ed.) p. 837, and cases cited.

In State vs. Corning State Sav. Bank, 128 Iowa, 597, it is said:

"Where a bank, which was a creditor of an insolvent estate, received a deposit of funds from the receiver, it could not apply such funds on its claims, nor plead such claims as an offset against the deposit."

In State Bank vs. McCabe, 135 Mich. 479, it is said:

"Where the bank deals with a depositor as trustee, and recognizes funds standing in his name as trust funds, knowing them to be such, it cannot appropriate them to the payment of the trustee's individual indebtedness to the bank."

This question arose in Re Davis (D. C.) 119 Fed. 950, wherein an insolvent partnership sold its stock of goods, and, by its direction, the purchaser deposited its price in the bank, taking a receipt therefor, showing that the money was to be prorated among the several creditors of the firm as their interests might appear. Subsequently, on petition of creditors, the partnership was adjudicated an involuntary bankrupt. After said adjudication, the bank undertook to apply the money so deposited on certain notes of the firm held by it and another creditor, without the consent of the depositor or the bankrupt, and to refuse the demands of the trustee therefor. Held, that the bank held the deposit in a fiduciary capacity as a trust fund, which precluded it from asserting an adverse claim thereto after the bankruptcy as against the trustee.

Among other things, the court said:

"Upon the merits of the controversy, would the bank be in position to successfully contest the right of the trustee to the money? Its ability to do so would depend upon its right to apply the fund to its own use. While a general deposit by a merchant of money in a bank creates the relation of debtor and creditor, and authorizes the bank to use the money as its own, such result does not obtain when the deposit is made for a special purpose, as, for example, to be paid to creditors, as was the case here."

In Wilson vs. Dawson, 52 Ind. 515, it was said:

"It is a general rule that funds deposited in bank for a special purpose. known to the bank, cannot be withheld

from that purpose, to the end that they may be set off by the bank against a debt due to it from the depositor."

In Lynam vs. National Bank, 98 Me. 448, it appeared that:

"In June, 1902, the Standard Granite Company sent to each of its creditors, including the Belfast National Bank, a circular letter, stating that it was unable to meet its obligations. A few days later in the same month it called a meeting of its creditors, at which meeting the Belfast National Bank was represented by one of its directors. At this meeting a committee of three creditors was appointed, with instructions to secure, if possible, the discharge of certain attachments which had been placed upon the property of the granite company. On September 4th, following, the directors of the granite company passed a resolution, admitting the inability of the company to pay its debts, and its willingness to be adjudged a bankrupt on that ground. On the day following, the granite company sent to the Belfast National Bank a deposit of $800. At that time the granite company had a balance of $1.04 standing to its credit on the books of the Belfast National Bank. The intention of the Standard Granite Company in making this deposit of $800 was that it should be held by the bank until a trustee in bankruptcy for the granite company should be appointed; but no notice of such intention was given to the bank, and the deposit was credited to the account of the granite company and added to the balance of $1.04 then standing on the books of the company.

"At the time this deposit was made the granite company was indebted to the bank to the amount of several thousand dollars. On the day following the making of this deposit of $800, a petition in bankruptcy was filed against the granite company, and it was duly adjudged a bankrupt, and one Lynam was appointed and qualified as its trustee in bankruptcy. Said trustee made a demand on the bank for the $800, which demand was refused; the bank claiming that it would offset the deposit on the past-due notes of the granite company.

"For some time past, all the efforts of the granite company . . . and that of its creditors had been to obtain a distribution of its assets equitably, and to that end the first attempt was to discharge the attachments. Honest dealing on the part of the granite company, which is to be presumed, required that all of its assets should be husbanded for the benefit of all of its creditors. Pending the effort to obtain an assignment or adjudication of bankruptcy, it had $800 in money, which it intended to retain, and ought to retain, as part of its general assets. As some time would elapse before it could be thus administered, it was deposited in the bank, really for safe-keeping. All these facts were well known to the bank when it received the deposit. It knew it was not intended as a payment, and did not treat it as such. The bank could not fail to understand that it was intended that this money should be added to the other assets for the general benefit as it equitably ought to be. It certainly understood that the granite company, under the then existing circumstances, would not voluntarily subject this portion of its assets to a set-off by the bank, to the injury of other creditors.

"Upon consideration of all the circumstances, and the situation of the parties, we think it a fair inference that the bank understood that the deposit was intended only for safe-keeping, to be ultimately appropriated for the benefit of all the creditors of the granite company, and that in fact it was a deposit in trust for that purpose. And it being charged with such trust, the plaintiff, as trustee in bankruptcy, is entitled to recover."

We are of opinion that these authorities are applicable in the present instance. It distinctly appears on this record that the funds accumulated in the defendant bank were deposited for a special purpose with the knowledge and consent of the president of the bank; that the funds could not be

checked out by the president of the furniture company without the signature of J. L. Morison, representative of the creditors' committee. The fund thereby became a trust deposit for specific purposes, with the knowledge and consent of the bank, and the latter had no right of set-off in said fund against the bankrupt's indebtedness to the bank.

Counsel for the bank relies on several cases as announcing a contrary doctrine, namely, (New York County Bank vs. Massey, 192 U. S. 138. Clark vs. Northampton Nat. Bank, 160 Mass. 26. Lowell vs. International Trust Co., 158 Fed. 781, 86 C. C. A. 137).

In Bank vs. Massey, supra, the court said:

"It cannot be doubted that, except under special circumstances, or where there is a statute to the contrary, a deposit of money upon general account with a bank creates the relation of debtor and creditor. The money deposited becomes part of the general funds of the bank, to be dealt with by it as other monies, to be loaned to customers and parted with at the will of the bank, and the right of the depositor is to have this debt repaid in whole or in part by honoring checks drawn against the deposits. It creates an ordinary debt, not a privilege or right of a fiduciary character."

But in that case the facts did not show a deposit for a special purpose, with the knowledge and consent of the bank, but only a deposit in the ordinary course of business. In such a case the authorities are uniform that the bank has the right to set off its notes against the deposits.

In Clark vs. Northampton National Bank, supra, the case seems to have turned on a finding of fact by the lower court. The court said as follows:

"The amount of the notes is to be set off against the balance due on account of the deposits at the time of the commencement of the proceedings in bankruptcy, unless the deposits made after March 8, 1892, were to be construed as made with a view to give a preference or to effect a fraudulent transfer of property, contrary to the statute relating to insolvency, or as made upon a trust for the creditors. Whether these deposits were made in violation of either section 96 or section 98 of chapter 157 of the Public Statutes was a question of fact, and the court, trying the case without a jury, has found that they were not so made. On the facts found by the court, the rulings on this part of the case were right.

"We are not certain that the exceptions set out all the evidence. Enough, however, is recited to show that the plaintiff had some ground to contend that after March 8th the bank knew that the business of the Florence Tack Company was being carried on with a view of converting its assets into cash for the benefit of its creditors, and that the company must either effect a compromise with its creditors or go into insolvency. The money received after March 8th ought perhaps to have been specially deposited; but this was not done, and the account of the tack company with the bank continued unchanged in form. There is evidence that the defendant's cashier understood that, after March 8, checks were to be drawn only to 'pay the help' of the company; but there is also evidence that checks were in fact drawn for other purposes and were paid. There appears to be no doubt that the officers of the bank knew of the insolvency of the company on March 8. Still it is a question of fact whether the transactions between the company and the bank after March 8, were had under an implied contract or understanding on the part of both parties different from that which existed before. The [lower] court has in effect found that after March 8th the money continued to be deposited and checks to be drawn on the same understanding as that which existed before that time; that is, upon the understanding that the relation of the parties continued to be the ordinary one of a depositor with a bank of discount and deposit. We cannot say, as a matter of

law, that this finding was wrong. It was for the court below to draw the proper inferences of fact, and the exceptions disclose no errors of law."

In Lowell vs. International Trust Co., supra, it was said:

"Portions of the propositions submitted to us by the trustee allege that the bankrupt had been insolvent for a considerable time, and that during that period it had been struggling along with its business, with some support from its creditors, and with an understanding between the International Trust Company and some other creditors, by virtue of which all of them, including the International Trust Company, should receive certain pro rata benefits out of whatever funds might come from the Thomas & Pike Coal Company. Therefore, it is claimed that the funds now sued for are held by the International Trust Company in a quasi trust, enforceable by the trustee."

The court held: "A trustee in bankruptcy has no interest, which he can enforce for the benefit of the general creditors, in an arrangement between the bankrupt and certain creditors, by which money deposited with one, which was a bank, was to be held in trust and distributed pro rata between them, and which was not prohibited by the bankruptcy statute."

The facts appearing in Lowell vs. International Trust Co. are very different from the facts presented on the present record. There the trustee was seeking to enforce a contract between the bankrupt and certain creditors. In the present instance the fund was accumulated in defendant bank for the benefit of all the creditors, and the bank had become a party to the arrangement. In the present case the trustee clearly has a right to recover a fund which had been deposited by the bankrupt for the benefit of all the creditors.

We are therefore of opinion that the bank is estopped, by its conduct and by its agreement with the other creditors, from asserting any right to a set-off against the funds derived from the sales of the stock of the furniture company, and that the decree of the chancellor so holding was correct; and the same is affirmed.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A.. L.L.B., Barrister, Toronto]

BANK AND BANKING—INSOLVENT BANK TAKEN OVER BY ANOTHER BANK—AGREEMENT AS TO—VALIDITY OF AGREEMENT—POWER OF DIRECTORS TO MAKE AGREEMENT—BANK ACT, s.s. 99-111.

IN THE MATTER OF THE ONTARIO BANK AND BANK OF MONTREAL (15 O. W. R., p. 913).

The Bank of Montreal at the request of the Ontario Bank undertook to meet the liabilities of the latter as they fell due, and in order to assist the Bank of Montreal to do so the Ontario Bank agreed to hand over its available commercial assets for that purpose, the Bank of Montreal having full authority to realize upon these assets as it might see fit. The Ontario Bank warranted that the assets handed over were worth $16,249,080.46 and that the notes and other liabilities of the bank did not exceed $15,272,271.22. The Ontario Bank agreed to place its office, staff, etc., at the disposal of the Bank of Montreal and do all in its power to carry out the terms of the agreement. The advances of the Bank of Montreal were to bear interest at the rate of six per cent., and if there were a surplus after payment of the liabilities it was to credit the Ontario Bank on the final adjustment of accounts with $150,000 for the indirect benefit received. The principal objection to the validity of the agreement urged was that it was in reality a transaction of sale by the Ontario Bank, and a purchase by the Bank of Montreal, of the assets of the first named bank; and that it fell within the provisions of secs. 99 and 111, inclusive, of the Bank Act, and was not legally made or consummated in accordance wth these provisions, and was ultra vires.

The official referee held, that the agreement was binding upon the Ontario Bank and its shareholders. Britton, J., affirmed

the referee in order that an appeal might be taken to the Court of Appeal.

The Court of Appeal held, that the transaction was beneficial and advantageous alike to depositors, holders of bills and notes in circulation, and to the other creditors, and to the shareholders, and that in the actual working out it enabled the property and assets of that bank to be dealt with and realized without the very serious sacrifice, which but for the arrangements made, would have been inevitable.

THIS was an appeal by the liquidator of the Ontario Bank and by W. J. McFarland and others, shareholders, of the bank, from an order of the Hon. Mr. Justice Britton, whereby he affirmed the decision of the official referee with respect to the mode of proof of claim preferred by the Bank of Montreal as a creditor of the Ontario Bank. The appeal was heard by the Court of Appeal (Sir Charles Moss, C.J.O.; Osler, Garrow and Maclaren, J.J.A.).

The judgment of the Chief Justice is as follows: In course of the enquiry by the official referee into the claim of the Bank of Montreal as a creditor of the Ontario Bank, a question was raised as to the form of the claim, and as to the nature of the proof in support of it, turning upon the terms of a certain agreement between the banks, the validity of which was questioned on behalf of certain shareholders. And, as appears from the referee's certificate, he with the consent of counsel representing all parties concerned, proceeded to determine in limine the question whether or not the agreement in question was valid and binding in whole or in part upon the Ontario Bank and its shareholders and he determined and found that it was valid and binding so as to form a sufficient basis for taking the account.

The principal and indeed the only substantial objection to the validity and binding effect of the agreement, urged on behalf of the appellants, was that it was in reality a transaction of sale by the Ontario Bank, and a purchase by the Bank of Montreal, of the assets of the first-named bank, and that it fell within the provisions of secs. 99 to 111, inclusive of the Bank Act, and was not legally made or legally consummated in accordance with those provisions, and was ultra vires. The referee was of opinion that the transaction did not fall within the provisions of those sections, that it was an arrangement which was within the powers of the board of directors to enter into; that it was binding, and that the Bank of Montreal was entitled to make proof of its claim against the estate of the Ontario Bank upon the footing of it.

It is of course common ground that the transaction in question was not carried through in conformity with the requirements of the above mentioned sections of the Act. The question is whether it was of such a character as to call for compliance with those requirements.

In considering the question and viewing the circumstances attending and surrounding the entering into the agreement in question, the first thing that strikes one as very apparent is that there is no intention on the part of any of the parties concerned to enter into and carry out a transaction which would involve recourse to the provisions of these sections.

The circumstances under which it was entered into; the utter inability of the Ontario Bank to make immediate provision of meeting or redeeming the circulation, the failure of efforts towards an arrangement for amalgamation with the Royal Bank of Canada, the obvious impossibility of inducing any bank with knowledge of the condition of affairs to enter into any such arrangement, and the urgent necessity for speedy and effective action, the only means by which the effects of the impending calamity could be minimized and made to entail the least possible loss to the shareholders, repel any such notion. It is manifest that nothing was further from the minds of the parties than the intention at this time when prompt and immediate measures were imperatively called for, to do something which would have the effect of tieing up all the affairs of the bank until the sanction of the shareholders

and the governor-in-council could be obtained.

It is abundantly clear that the transaction was beneficial and advantageous alike to the depositors, the holders of bills and notes in circulation and the other creditors and to the shareholders and that in its actual working out it has enabled the property and assets of that bank to be dealt with and realized without the very serious sacrifice that but for the arrangements made would have been inevitable. That in entering into it the directors acted in good faith, and in what they believed to be the best interests of the bank and its shareholders, seems beyond question. Was it one within the scope of their powers and authority?

The arrangement is evidenced by the instrument dated October 13, 1906, under the corporate seals of the respective banks. And from it must be gathered, if it is to be gathered anywhere, the conclusion that the transaction was as contended for by the appellants. A fair reading of the whole instrument, giving to each part its proper effect in relation to the remainder, and bearing in mind the evident object and intention of the parties leaves no reasonable doubt as to its meaning and effect.

The strongest ground in favor of the appellants' contention is the use in No. 2 of the operative clauses of the expression "purchase by way of discount and of rediscount at the rate of six per cent." But if these words are inconsistent with the general aim and scope of the instrument, not much force is to be attributed to them, and they should not be permitted to govern.

But in truth they are not inconsistent, for they merely describe a species of dealing with a particular class of securities which is quite as consistent with a pledge as an absolute sale. It was just as necessary for the purposes of a pledge for advances as for the purpose of a sale out and out that the property in and control of the securities should be vested in the Bank of Montreal. And to speak of a purchase by way of discount is simply to state the effect in law of discounting.

In Hart on Banking, 2nd ed., p. 617, it is said that it is convenient to bear in mind that the word "discount" is often used in very elastic and comprehensive sense. This is followed by a quotation from the judgment of Mr. Justice Story in the well considered case of Flecker vs. Bank of the United States, 21 U. S. R. (8 Wheaton) 338, at p. 350, in which occurs the following passage: "If therefore the discounting of a promissory note according to the usage of banks be a purchase . . . it is a purchase by way of discount." In an earlier passage he observed, "But in what manner is the bank to loan? What is it to discount? Has it not a right to take as evidence of the debt which arises from the loan? If it is to discount, must there not be some chose in action, or written evidence, of a debt payable at a future time which is to be the subject of the discount?"

In these passages the learned Judge appears to fairly describe what was contemplated in the purchase by way of discount and rediscount set forth in the second clause of the agreement. Every other clause is consistent with the idea of advances, and some are entirely at variance with the notion of a sale of assets and nothing more. Many of the ordinary elements of a sale and purchase are not to be found which it is inconceivable would be omitted if that was the intention.

The power of persons carrying on the business of banking to obtain advances and to transfer by way of pledge such assets and securities as are required, has been long recognized. It is a necessary incident of the business of banking. To repeat the language of the learned author of Lindley on Companies, at p. 289, of the 6th ed., quoted by the referee. "A power to borrow is so necessary to a banking company that its directors can scarcely be deprived of it; and there are several cases in the books in which their power was held to have been exercised so as to bind the company." Some of these cases have been referred to by the referee and in particular the decision of the judicial

committee of the Privy Council in the case of Bank of Australasia vs. Breillat (1847) 6 Moo. P. C. 152. The plaintiff bank in that case was not constituted nor were its powers defined by statute, as in the case of Canadian banks. But there is nothing in the Bank Act which affects or controls that general power which is really a part of the general law merchant.

As the referee has pointed out, a bank in addition to all the specific matters set forth in sec. 76 of the Bank Act, is authorized to engage in and carry on such business generally as appertains to the business of banking. And, by secs. 19 and 29, the board of directors is invested with wide and extensive powers of management and disposition over the stock, property, affairs and concerns of the bank, and over all such matters as appertain to the business of a bank.

These properly and naturally draw to them the essential power and authority to take such steps as may seem necessary to protect the interests of the bank, and amongst others to obtain such advances as may appear to be called for by the necessities of the occasion.

It was, therefore, not beyond the power of the Ontario Bank or the authority of its board of directors to enter into an arrangement with the Bank of Montreal, whereby that bank should advance the funds necessary to meet the calls made upon the other and to enter into such suitable and necessary arrangements as were proper to secure the reimbursement of such advances.

And such was and is the nature of the agreement in question. If that be so it seems unnecessary to enquire whether some of its provisions were such as could be enforced against the Ontario Bank.

They appear to have been designed with a view of conserving the resources of the Ontario Bank and disposing in the most advantageous manner of the available assets. The objections made to them appear to be satisfactorily dealt with and disposed of by the referee and there appears to be no reason for differing with him in his conclusions.

The appeal fails and should be dismissed.

PROMISSORY NOTE—PROCUREMENT OF SIGNATURES OF MAKERS BY FRAUD—DISCOUNT BY BANK—PAYMENT MADE ON ACCOUNT BY PERPETRATOR OF FRAUD BEFORE MATURITY—HOLDER IN DUE COURSE—ACQUISITION BY PLAINTIFFS FROM BANK—LIABILITY OF MAKERS CONFINED TO BALANCE PAID TO BANK BY PLAINTIFF—NOTICE OF FRAUD—CIRCUMSTANCES PUTTING PLAINTIFFS ON ENQUIRY—LIABILITY OF PAYEE TO INDEMNIFY MAKERS—COSTS.

GRAHAM VS. DRIVER (1 O. W. N., p. 767).

THIS was an action to recover the amount due on a promissory note for $1,500, made by the defendant, in which the defendants other than Fossett claimed indemnity from Fawcett against their liability to the plaintiffs. The note had been discounted by Fawcett at the Traders Bank of Canada at North Bay and was obtained by the plaintiffs from that bank. The defence was that the note was obtained from the defendants through the fraud of Fawcett and that the defendants were affected with notice of the fraud. Fawcett was the owner of a stallion which he was endeavoring to sell to a syndicate of farmers and obtained their signatures to the note in question by fraudulent representation in each case that they were signing an application for one share of $100 in a syndicate of fifteen persons, to be formed for the purchase of the horse.

JUDGMENT (TEETZEL, *J.*): I find upon the evidence that all the defendants (other than Fawcett) were induced to sign the paper in question upon the false and fraudulent representation of Fawcett and that none of them was

aware that he was signing a promissory note for $1,500 and that by reason of the fraud practiced by Fawcett, the paper which purports to be a promissory note was not a valid promissory note in his possession as against any of the defendants.

Almost immediately after Fawcett had obtained the signatures to the note, he discounted it at the Traders Bank at North Bay, and received the proceeds thereof. Some of the defendants learned of this fact the next day after the note was discounted, and immediately thereupon caused an information to be laid against Fawcett, charging him with obtaining the note by fraud and false pretences. Fawcett was brought before the Magistrate at North Bay and, after some evidence had been given, the case was adjourned and his counsel proposed to take up the note at the bank and have it surrendered to the defendants, and on July 9, 1904, the note being dated June 27, 1904, payable ten months after date, Fawcett paid to the bank on account of the note, two sums of $599.25 and $200, which payments were indorsed upon the note over the initials of the acting manager, and Fawcett promised that he would, in a few days, pay the balance to the bank, so that the note could be returned to the defendants.

The criminal proceedings were adjourned from time to time, and were eventually dismissed.

Instead, however, of Fawcett paying the balance upon the note, he proceeded to arrange to have it taken up by the plaintiffs. In September, 1905, the plaintiffs paid to the bank the balance of the note, less the two sums of $599.25 and $200, and paid the $799.25, less the discount charges, to Fawcett.

The bank were undoubtedly holders in due course, within the meaning of section 56 of the Bills of Exchange Act.

Sec. 57 of the Act provides that "a holder whether for value or not, who derives his title to a bill through a holder in due course, and who is not himself a party to any fraud or any illegality affecting it, has all the rights of that holder in due course as regards the acceptor and all parties to the bill prior to that holder."

There is no pretence for saying that the plaintiffs were parties practised upon the defendants by Fawcett, so that undoubtedly whatever rights the bank possessed at the time of the delivery over of the note to the plaintiffs, the plaintiffs thereupon acquired. The only interest that the bank had in the note at the time, was the balance of $700.75 remaining unpaid.

The plaintiffs, however, claimed to recover ———— not only the amount they paid to the bank, but the $799.25 paid to Fawcett. I think their right to claim the latter sum depends on whether or not they were affected by notice of the infirmity of Fawcett's rights under the notes, as it does not appear to me competent for the plaintiffs to rely upon the title of the bank to the note for any amount beyond the balance due to the bank at the time the note was delivered to the plaintiffs.

It was Fawcett, and not the bank, who induced the plaintiffs to take over and rediscount the note, and when the note was presented to the plaintiffs through the agent of the bank at Alliston, it bore the indorsement of the two payments above mentioned; and the examination of the plaintiff, Knight, discloses that he was made aware that these payments had been made by Fawcett in consequence of some trouble that had arisen between himself and the makers, and that the payments and indorsement had been made after the note was discounted. He said that Fawcett had explained that there had been some dissatisfaction by the makers, that he knew the note was given in payment for a horse, and that with the knowledge that the payments had been made in consequence of some trouble between Fawcett and the makers, he caused his solicitors . . . to enquire into what the trouble was . . . and . . . he learned, as he says, that they were trying to go very far with Mr. Fawcett in the matter—"I understood the makers were taking some action against

Mr. Fawcett." He does not say that he heard Fawcett had been arrested, but I think the fair inference is, that both he and his solicitors were aware of this fact before he paid over any money on the note. . . . He believed there was no foundation for the trouble, as he had confidence in Mr. Fawcett.

I think the facts and circumstances . . . establish that the plaintiffs before they acquired the note were aware that the defendants had charged Fawcett, in a criminal proceeding, with having obtained the note by false pretences and fraud, and if, after that, the plaintiffs without communicating with the alleged makers of the note, chose to acquire it, I think it must be held that they acquired it under such circumstances as to affect them with knowledge of the facts destroying the validity of the note as against the defendants. . . . The plaintiffs, when they took the note, were under the circumstances under which the note was given, and they therefore were affected with notice of the illegality of the note, and therefore as to the interest in the note acquired from Fawcett, the plaintiffs are not holders in due course.

It was urged by Mr. Johnston that the $799.25 paid by Fawcett was paid as security for his bail, and was intended to be held as bail for his appearance before the Magistrate; but I find . . . that the money was not paid as bail, but was paid directly to the bank on account of the note, and was intended to be credited on the note as payment in part discharge of it.

Whether the payment was made under such circumstances as would amount to duress does not seem to me to affect the question of the plaintiffs' right to disregard it as a payment actually made by Fawcett. . . . He never pretended to them that the payment was void because of duress or that it was a deposit for bail.

As between the plaintiffs and defendants, the judgment will therefore be in favor of the plaintiffs for $700.75 and interest from June 27, 1904, at six per cent. per annum until April 30, 1905, and at five per cent. per annum since that date.

Now as to the claim by the defending defendants against Fawcett who suffered judgment in favor of the plaintiffs by default, I am of the opinion that, the defendants' loss having been occasioned solely by the fraud of Fawcett, they are entitled to judgment against him, indemnifying them against the amount recoverable against them under this judgment by the plaintiffs and also against their costs of defending this action, together with costs of the issue between them and him.

As between the plaintiffs and the defending defendants, I think there should be no costs of this action, as each has only had a partial success.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

RIGHT OF ADMINISTRATOR TO DEPOSIT TRUST FUNDS IN HIS OWN NAME

Brooklyn, N. Y., June 10, 1910.

Editor Bankers Magazine:

Dear Sir: The following point came up between a friend and myself, both of us clerks in a bank. If John Brown, personally known to the bank, should present letters of administration and a State Comptroller's waiver for the account of Mary Brown, and receive the balance due in full in cash upon his receipt as administrator, and then turn the cash back into the bank and open an account in his own name, can the bank accept the account and not be liable to the estate?

Yours very truly,

J. G. L.

Answer: An administrator has the right to the possession of the funds of the estate, and, while it is customary for executors and administrators to open bank accounts in their names as such—and this is always required when a surety company is on the bond—yet there is no rule of law that makes this

course indispensable. An administrator may, without violating any rule of law, open the account in his individual name, though he must not mingle therein his own funds with those of the estate. And in paying his checks the bank may presume that he is discharging his duties, unless it has some notice that he is misapplying the trust fund. If, for example, he should make one of his own notes payable at the bank, then very plainly the use of the money to pay that note would be a waste of the estate, and as this would be obvious to the bank itself, it would be liable for any of the money applied by it to that purpose. In allowing an administrator to open an account in his individual name, the bank would always run the risk of being charged with notice of any misapplication, and hence the only safe course is for it to require that the account be kept in the name of the administrator as such. The customary form is: Estate of A, B administrator.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

BANKING AND HOARDING IN INDIA

TREMENDOUS sums of gold and silver are known to be hoarded in India, and but little use is made of these metals by the natives as a basis for bank credits, as it is the custom with the more advanced nations. Commenting on the conditions in India a recent number of the London *Statist* says:

"The people of India, speaking generally, are entirely devoid of all banking facilities. There are, of course, Presidency banks which cater for the commercial community, and there are exchange banks which serve the foreign trade. But, speaking generally and broadly, banking is quite unknown to the Indians outside the great towns. The agricultural population, which practically is the Indian population, has to depend almost altogether for banking accommodation upon village usurers, though quite recently people's banks have been introduced here and there. Over and above this, from time immemorial, India has hoarded gold and silver. Sometimes immense sums in actual coin are hoarded, but most generally the practice is, with regard to the small people, to put their savings in the form of ornaments to deck out their women-folk. The accumulation of savings or hoardings must be almost incredible. On November 26, 1892, we published in this journal a table showing that in the thirty-three years ended with the preceding March there had been imported into India and kept in the form of gold and silver the enormous aggregate of £356,324,000. Now hoarding had been going on from time immemorial before that, and has been going on ever since. Therefore, the mass of gold and silver accumulated in private hoards of all kinds must be incredibly great. But it is hardly necessary to point out that this habit of hoarding is uneconomical in the last degree. The amount of gold and silver accumulated during the thirty-three years just referred to was at the rate of over ten and three-quarter millions sterling per annum. It is obvious that if that vast sum had been laid out in enterprise it would have immensely improved the condition of the people; whereas, hoarded mainly as ornaments, it served no other purpose than to gratify feminine vanity. Still, it is important to remember that there is in the country a hoard of the precious metals and precious stones of incredible amount, which if it can be drawn forth, may in the future prove of incalculable benefit.

JAPAN'S IMPROVED CREDIT

THE success of the new Japanese five per cent. $55,000,000 loan, which was issued at ninety-five, serves to call attention to the improved credit of Japan. A recent issue of the London "Economist" gives the following statistics regarding the various Japanese Government issues, the figures being stated in pounds sterling:

Year Issued.	Amount.	Rate of Interest.	Issue Price.	Present Price.
1899.....	9,000,000	4	90	96¾
1902....	5,104,167	5	100	101
1904....	4,675,000	6	93½	..
1904.....	5,430,000	6	90½	..
1905....	13,500,000	4½	90	99¾
1905....	9,000,000	4½	90	99¾
1905....	5,850,000	4	90	96¼
1907....	11,442,500	5	99½	103¾
1910....	10,450,000	4	95	..

From these figures it will be seen that in addition to receiving a fair rate of interest, the investors in Japanese Government securities have reaped a substantial profit through the appreciation in the prices of their securities.

The proceeds of the new loan are to be applied exclusively to the conversion and redemption of the five per cent. war loans of 1895-96, amounting to 43,000,000 yen, and the 50,000,000 yen loan of 1901-02.

BRITISH CAPITAL INVESTMENTS

ACCORDING to the London *Statist*, British investors subscribed in 1909 for a larger quantity of new securities than in any previous year, and fully reëstablished Great Britain's position as the world's banker. In 1910, it is declared by the same authorities, British investors will provide a still larger amount of capital for new enterprises throughout the world than they did last year.

The amount of new capital subscribed in the whole of 1907 was £130,-000,000. In 1908 the total rose to $206,000,000, in 1909 to about £214,-000,000, and now, in the first four months of 1910, the subscriptions have reached £118,000,000.

In the British investments placed in foreign countries for the first four months of the current year, the United States leads all other countries, with £21,570,496, or more than one-third of the total foreign investments. Argentina and Brazil follow with a little more than £7,000,000 each.

CONVERSION OF THE MEXICAN DEBT

RECENTLY the National Bank of Mexico and a syndicate of American and European bankers presented to Finance Minister Limantour a proposal to convert the Mexican Government's five per cent. foreign debt into a new loan bearing four per cent. The amount of the debt is $218,000,000, and it represents a consolidation of various loans made between the years 1888 and 1893, and bearing five or six per cent. interest, the consolidation of these loans having been made in 1899.

The conversion will effect a considerable saving of interest and will afford another striking evidence of Mexico's improving credit under the wise administration of President Diaz, efficiently seconded by Finance Minister Limantour.

BRITISH CAPITAL IN ARGENTINA

DISCUSSING this subject lately, the Buenos Aires *Herald* says:

"Many attempts have been made in recent years to estimate the total amount of British capital invested in Argentina. It is, of course, impossible to arrive at anything but an approximate figure; but there is substantial ground for the statement that the aggregate sum very considerably exceeds £300,000,000, and that £350,000,000 is probably nearer the mark. At the end of January, 1909, it was calculated that British money invested in Argentine securities quoted on the London Stock Exchange exceeded £252,700,-000. The *South American Journal* has revised these figures, and estimates that at the end of last year the total of Argentine securities admitted for dealings on the London Stock Market had

increased to £280,722,000, showing an increment of £28,000,000 in less than twelve months. This total, naturally, does not represent the full amount of British money which has found its way to the Argentine; but it affords an excellent basis of calculation. As a matter of fact, a small proportion of the securities quoted in London may be held by foreign investors, though the percentage is not of sufficient importance to necessitate any appreciable deduction for present purposes.

"Of the total of £280,722,000, a sum of £79,880,500 is invested in the bonds of the Argentine National Government and the State authorities, £167,014,500 is in railway stocks and bonds, and £33,827,000 is in miscellaneous undertakings; and already the total has been considerably augmented since the calculation was made."

TRUST COMPANIES

Conducted by Clay Herrick

TRUST COMPANIES AND THE CENTRAL BANK

BELIEVING that it would be of interest to the readers of THE BANKERS MAGAZINE to know the feeling of trust company men regarding the establishment of a central bank, the writer addressed to about fifty leading trust company officials in different parts of the country letters asking their views on the question:

"Is the proposed central bank a desirable thing from the standpoint of the trust company?"

The responses to this inquiry developed the fact that not many of the gentlemen addressed feel disposed at this time to commit themselves in print as to their opinions on the subject. Enough of them have favored us with their views, however, to show the various opinions current in the trust company world and to demonstrate that this subject is being studied with interest and with intelligence by the officers of the trust companies. Following are the letters which we are authorized to publish:

From Lawrence L. Gillespie, vice-president Equitable Trust Company, New York, and chairman of the executive committee, trust company section, American Bankers' Association.

I have your favor of the eighteenth instant asking me to reply to the question "Is the proposed central bank a desirable thing from the standpoint of the trust company?"

In reply I would say that I have read a number of recommendations with reference to a proposed central bank, but am not aware that any plan is definitely before the community to the extent of distinctly specifying the conditions and methods by which it is to be organized, managed and controlled.

Furthermore, there seems to be some divergence of opinion as to the exact form of business which it will undertake and the duties which it will perform. In other words, as I understand it, the question to which I am replying is "Is a central bank a desirable thing from the standpoint of a trust company?"

Furthermore, with reference to "the trust company," any such discussion is likely to become involved through an ambiguity of terms. This is because there is no single class of trust companies recognized in all the States except by name. The trust companies with which I am familiar differ in accordance with the laws of the several states in which they are respectively located, and vary further in accordance with the class of business offered to them by their communities.

In such a discussion we are, therefore, dealing with two uncertain terms. Trust companies under whatsoever conditions and laws they may be operating are surely dependent for their success upon the confidence which they create in their communities. As financial institutions any alteration of public opinion or sudden hazards created by financial disturbance are calculated to injure them and retard their successful development. Stability in the financial world as stability in the political world necessarily works for their benefit.

It would seem, therefore, that a central bank so organized as not to throw preponderance of influence or benefit in the hands of any one group or class of men in the country, and able to act in the interest of sound financial institutions throughout the country at times when they are especially called upon for expansion in their resources, would be for the benefit of the country at large and as such would benefit the trust companies which are now playing such an important role in the financial guidance of the country. It would be my judgment, however, that the closest kind of scrutiny and study should be devoted to the minute consideration of the charter and by-laws under which such a central bank could undertake the extraordinarily important duties which would necessarily devolve upon it.

From Oliver C. Fuller, president The Wisconsin Trust Company of Milwaukee, and vice-president trust company section, American Bankers' Association.

Replying to your request for my views upon the question "Is the proposed central bank a desirable thing from the standpoint of the trust company?" If a central bank is a desirable thing from any standpoint it is a desirable thing from the standpoint of the trust company.

Any system or agency through which our volume of currency can be made to expand and contract according to the changing needs of commerce would be a good thing for this country. In my opinion it matters not whether this be accomplished through a central bank, through a system of clearing-houses or by some other method, so that it be accomplshed, and whatever will accomplish this will benefit every class of financial institution.

From Breckenridge Jones, president Mississippi Valley Trust Company, St. Louis.

Your question—Is the proposed central bank a desirable thing from the standpoint of the trust company?—is so general that it can only be answered in a general way. The central bank idea in itself is a good one, if it can be safeguarded against politics, the domination of any certain class, and the other obvious dangers; but, if under our system of government it is impossible to pass a satisfactory law, then we will have to find some other plan of financial reform. Unless I was presented with a definite plan showing the details worked out, I could not intelligently come to a conclusion as to the desirability of the central bank from the trust company standpoint. I feel sure that any plan which disregards the necessary place that the trust company has in the modern community cannot succeed.

From John H. Holliday, president Union Trust Company, Indianapolis.

I have yours of the sixteenth, asking for my views on the desirability of a central bank from a trust company standpoint. I am much like the old woman who attended a revival and was asked by the preacher if she had religion. "Well, I dunno, sometimes I think I have and then again I think it's the worms." I "dunno" whether I have any views until I know what powers the bank will have and as Dundreary used to say, "that's what no fellow can find out." As a general proposition whatever will make a stable and elastic currency will be desirable for trust companies and everybody else. That's about as far as I can go.

From John J. Gannon, president Hibernia Bank & Trust Company, New Orleans.

I regard the proposed central bank as a desirable thing from the standpoint of the trust company, and personally I am very much in favor of same.

From William A. Wilcox, secretary and trust officer Scranton Trust Company, Scranton, Pa.

I regard the proposed central bank as an undesirable thing from the standpoint of the public. Our trust company receives no deposits and does no banking of any kind but confines itself to the execution of trusts. I do not see how it would have any special effect on us as a trust company except that we would be prejudiced as the public generally would be.

From H. C. Harvey, president American Bank & Trust Company, Huntington, W. Va.

We are in receipt of yours of the eighteenth inst. asking our opinion as to whether a central bank would be of any benefit to a trust company. We do not see wherein a central bank could be of any benefit to either us or the country at large. A central bank might work in a foreign country where it is no larger than one of our states, but in a great nation like this and with our form of government, we believe a central bank would be detrimental to us. We believe the government alone should issue all the money.

E. A. Wyld, vice-president Security Savings & Trust Company, Portland, Oregon.

In reply to your question: Is the proposed central bank a desirable thing from the standpoint of the trust company? In the different proposals and arguments covering the central bank, there is nothing to show that the desirability or otherwise from the standpoint of the trust company has ever been taken into consideration, and those in favor of the plan have apparently considered it only as a means of providing circulation in a time of emergency. The writer therefore is of the opinion that a central bank would have a tendency to create an advantage in favor of national and strictly commercial banks, as against trust companies. As the matter has been presented up to the present time, it seems impossible under our present methods to establish a central bank that would prove satisfactory or creditable to the country generally.

From P. C. Kauffman, vice-president Fidelity Trust Company, Tacoma, Wash.

I am heartily in favor of the enactment of the necessary legislation that would provide for the organization of a central bank for the following reasons:

In October 1907, without a moment's warning the banks of the Pacific Northwest found their reserve balances cut off entirely, and they were forced to depend solely upon the actual coin they had in their vaults. It was evident at once that but very few days would elapse till this coin would be exhausted and the banks either obliged to suspend payment or throw themselves upon the mercy of their depositors.

Prompt action, however, was taken by the banks in the large clearing-house centers, providing for the hypothecation of their liquid assets and issuance thereon of clearing-house emergency currency certificates, which were used locally in place of gold, silver, national bank notes or legal tenders. The banks in the smaller cities and interior counties followed the example of these clearing-house associations and issued a similar emergency currency, and thereby this most important crisis in our financial history was tided over until confidence was restored and the ordinary flow of business was resumed.

The lessons of that period have shown the value of united effort, and also pointed out a way to the proper solution of the currency question. Irregularities of the 1907 movement were only condoned by the emergency that called it forth. The temporary currency certificates were poorly printed, hastily issued and liable to counterfeit and possible overissue. "I have no lamp," said Patrick Henry, "by which my feet are guided save the lamp of experience," and the people of these United States can well take the experience of the trying times of 1907 as a lamp with which to guide themselves in similar darkened periods. One danger of that period was the fact that the currency was issued by so many clearing-house associations, under different rules and with indifferent protection.

By the establishment of a central bank, which should be a bank of banks, with large capital (not less than one hundred millions of dollars) owned by the banks of the country and not individuals, and which should not be authorized to enter into direct banking competition by receiving deposts, but which should have full power to re-discount the notes or other securities of the banks of the country and either give credit therefor or issue currency thereon up to an agreed upon amount (which currency should be printed from plates engraved under government supervision, with heavy penalties for counterfeiting) it is scarcely within the bounds of probability that a panic similar to that of 1907 could ever again visit this country. The people would have thorough confidence in the currency so issued, as they would know that it would be not only secured by the deposit of liquid collateral, but in addition would have the backing of the bank's enormous capital.

It would, however, be necessary that agencies or branches should be established in practically every large clearing-house center of the country, agencies rather than branches, where the banks of the respective districts could deposit the collateral or the notes that they desired to re-discount. The managers of these agencies would, of course, be much more competent to pass upon the value of the collateral than could the officers at the head of the institution, and as emergencies of that kind that would require the issuance of currency would also require immediate action, local managers could decide quickly and advise the central bank of the securities so deposited, whereupon the central bank could at once give the bank depositing the same, credit, or forward the amount of currency desired.

Another reason calling for the establishment of agencies is that without them it would be necessary to forward securities or notes direct to the central bank, thereby running risk of loss by long transmission by mail, destruction by fire en route, or delay in their receipt and, possibly, release of indorsers from their liability.

Of course the details would have to be worked out thoroughly, but I am satisfied that the prevailing sentiment in the Pacific Northwest is in favor of the organization of a central bank, to which should be entrusted the entire currency-issuing power of the country, and can say, from conversation with many of our leading bankers, that the plan proposed by Geo. M. Reynolds, of

the American Bankers' Association at the Chicago convention, September 19, 1909, meets with general approval.

Care should be taken in drafting the law to keep the central bank entirely free from both political and Wall Street influences, for that reason I am satisfied that the best location for the central bank would be in the city of Chicago. I see nothing in the history of the First and Second United States Banks that should make us fear to take hold of this important question. I am satisfied that a plan can be drafted which will eliminate all the faults attendant upon both these organizations. Those of us who favor a central bank must recognize that we have a campaign of education before us in order to remove the fear that now seems to pervade the country that such a bank, if formed, would either become the tool of one or the other of the great political parties, or a medium through which the bankers of Wall Street would monopolize the finances of the country.

Variety of Opinion.

The differences of opinion reflected in these letters are further apparent in other replies to the inquiry, which were not written for publication; while a number of the latter indicate that the writers do not consider themselves well enough posted on the subject to write an opinion. Taking all the replies together, about the same number definitely favor and definitely oppose the general idea, while a majority consider it impossible to form an opinion on the general idea alone, believing that so much depends upon the particular forms of the details that it will be necessary to have the full plans before a decision can be reached. It is undoubtedly a safe inference that a large number of trust company officials are holding open their opinions on the central bank idea until such time as a definite and fully detailed plan is submitted for consideration.

The Proposition Too Indefinite.

Indeed the sentiment most common in the letters is that the proposition is thus far in too indefinite a shape to make possible the forming of judgment; while the opinions expressed seem to justify the inference that the writers regard the unknown details as being potentially of much more importance than the general idea itself. In other words, the general idea of a central bank exercises neither attraction nor repulsion—it is immaterial in itself—but the *kind* of a central bank to be proposed is the crucial question.

There appears no general predisposition to either favor or oppose a central bank merely as a central bank. Several of the writers state that they consider it of little consequence whether greater stability in our financial system, with elasticity of our currency, be brought about through a central bank or through some other medium, so long as it is actually secured without the introduction of new evils and dangers. This suggests the query whether the central bank advocates are not wasting time in endeavoring to spread the general idea instead of working out and submitting a particular plan. The opposition appears to be based mainly on anticipated details; while most of those who express themselves as in favor of the general plan do so with reservations as to some of its possible features.

Effect on Trust Companies.

The replies do not indicate a feeling that the interests of the trust companies would be affected except as the general public and the other financial institutions would be affected. The interests of the trust company are identical with the interests of the community in which it is located. In common with others it would profit by a more elastic currency and a more stable system; and it would be harmed by any innovations detrimental to the interests of the general public. Whatever would be good for the country would be good for the trust companies.

On the other hand, so far as any new system may be carried out through the instrumentality of financial institutions, the important position which the trust company now occupies in the financial world cannot be overlooked. As Mr. Gillespie points out in his letter above quoted, there are many varieties of trust companies, and the direct interest of a trust company in the problem will depend much upon the kind of business it does. If its business is exclusively that of executing trusts, its interest will

be that indirect interest in which the whole community shares. If banking is an important part of its duties—and this is the actual fact with the vast majority of trust companies—then it has the same direct interest in the problem that any state bank has. Its interest differs from that of the national bank only because the latter now issues currency. In brief, the trust company is an integral and important part of our present financial system, and, as Mr. Jones puts it, "Any plan which disregards the necessary place that the trust company has in the modern community cannot succeed."

Deserves Study by Trust Company Officials.

It must follow that the progress of the central bank agitation ought to be followed with keen interest by trust company officials. Their common interest with the general public and their particular interest as officers of financial institutions make it a duty to be thoroughly informed as to what is proposed. The matter is of quite as much importance to them as to commercial bankers. If proposed plans involve dangers of political graft or of control and monopoly by special interests or particular classes, the trust company will find it essential to oppose those plans; and if a scheme be developed which, unattended by such dangers, offers reasonable promise of giving us a currency that is at once safe and elastic, that will meet the needs of our ever growing commerce and industry, the trust company should be in the van of the forces of reform.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

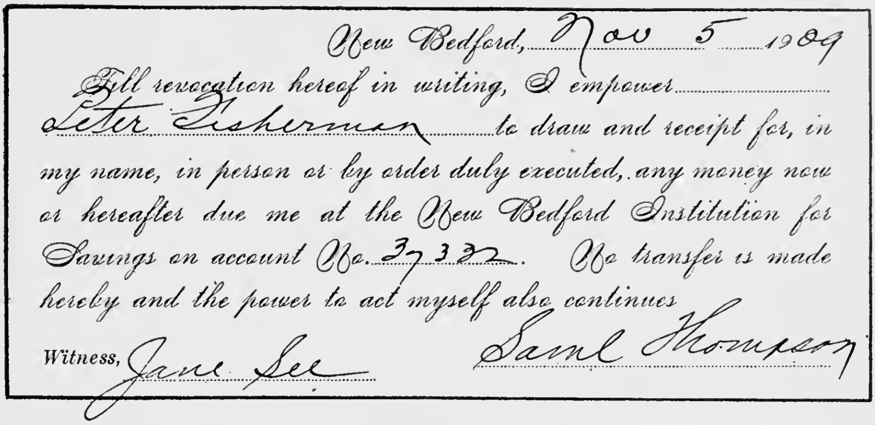
THE TELLER AND HIS TASK

GENERAL ORDERS AND IDENTIFICATION

By W. H. Kniffin, Jr.

"THE man with a camera eye," who, having once seen a face never forgets it, and who will pick his man out of a thousand, and whom disguises and the changes resulting from age cannot deceive, has recently been appointed to a responsible position with the American Bankers' Association That "camera eye" made him a good detective, but it would have made him an equally good hotel clerk or bank teller, especially a savings bank teller, whose function it is to deal with the multitudes and not get his people mixed. The teller in the bank of discount deals with a limited few, and frequently; the savings bank teller deals with thousands, and infrequently; and to photograph mentally every depositor would be a feat only for those with camera eyes; and these worthy gentlemen are scarce. In fact, the savings bank does not ask its tellers to identify the depositor *in person,* for back of him is a cabinet full of little drawers, and the drawers full of cards, and with such an outfit he is ready for all comers.

It has been suggested by some that a scheme of photographing every depositor be devised so that, unconsciously, the new patron, while signing his name, would also have his picture "took." This method is being used by large concerns like the electric light and telephone companies, who furnish their men with cards upon which appear their signature, the seal of the company and a photograph of themselves, so that in making collections, the authority is clear and unquestioned. Finger prints have also been advocated, similar to the manner used by the police, and it is un-


New Bedford, Nov 5 1909

Till revocation hereof in writing, I empower Peter Fisherman to draw and receipt for, in my name, in person or by order duly executed, any money now or hereafter due me at the New Bedford Institution for Savings on account No. 37332. No transfer is made hereby and the power to act myself also continues

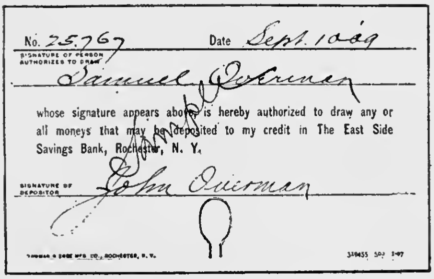
Witness, Jane See — Saml Thompson

Form 1—Standing order for payment of money without altering the form of pass-book. New Bedford (Mass.) Institution for Savings

doubted that eventually this will be adopted in banks, especially in dealings with foreigners.

Identification.

There are other and frequently better methods of identification than the


No. 25767 Date Sept. 1 09

Signature of person authorized to draw Samuel Dickman

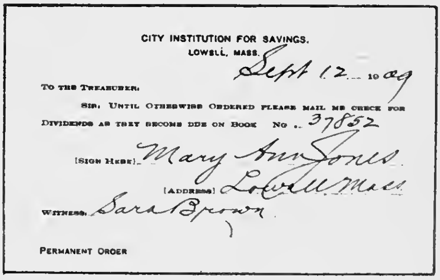
whose signature appears above is hereby authorized to draw any or all moneys that may be deposited to my credit in The East Side Savings Bank, Rochester, N. Y.

Signature of Depositor John Dierman

Form 2—General order for withdrawing funds. Card form 3x5. East Side Savings Bank, Rochester, N. Y.

mere signature, as important as this may be. The family history is a valuable help, and the one who would and could forge the signature might not be able to furnish the other details of family record. One large bank in New York requires all depositors upon withdrawing money to give the present residence at the bottom of the order. When the signature is compared, this is noticed, and if the address has changed, note is made of the same. This is a very good idea, for while cases are on record where money was fraudulently drawn by answering all the test questions and signing the name correctly, it is extremely doubtful if the holder of the book in these instances could have given off-hand the former addresses of the depositor, especially when they have frequently changed. A fellow obtained possession of James Wall's book on the Emigrant Industrial Savings Bank, and by writing to Wall, ascertained his pedigree, even going so far as to ask the name of the ship he came over in. This formed part of the identification questions, and thus fortified, he managed to get Wall's money by his familiarity with these facts; but had the bank also required him to name Wall's previous residences, it might have puzzled the swindler.

There are little tricks in identification that often are safe, and save the depositor considerable trouble. In the


CITY INSTITUTION FOR SAVINGS.
LOWELL, MASS. Sept 12 1909

To the Treasurer,

Sir, Until otherwise ordered please mail me check for dividends as they become due on Book No. 37852

(Sign Here) Mary Ann Jones

(Address) Lowell Mass.

Witness, Sara Brown

Permanent Order

Form 3—Permanent order for payment of dividends. City Institution for Savings, Lowell, Mass.

Know all Men by these Presents,

That I Mary E. Penn

Depositor No. 76789 *with the* WESTERN SAVING FUND SOCIETY OF PHILADELPHIA,

have made, constituted and appointed, and by these presents do make, constitute and appoint William Penn *to be* my *true and lawful attorney for* me *and in* my *name to ask, demand and receive from the said Society,* all *of the money standing to* my *credit on the books of the said Society, and upon receipt thereof, or any part thereof, in* my *name to execute and deliver to the said Society good and sufficient receipts or acquittances for the same.*

IN WITNESS WHEREOF, I *have hereunto set* my *hand and seal the* thirtieth *day of* September *A.D.* 1909

(Depositor sign here.) Mary Penn

Sealed and delivered in the presence of us:

Witnesses to depositor's signature sign here.
1. Solomon Saver
2. Mary Thrift

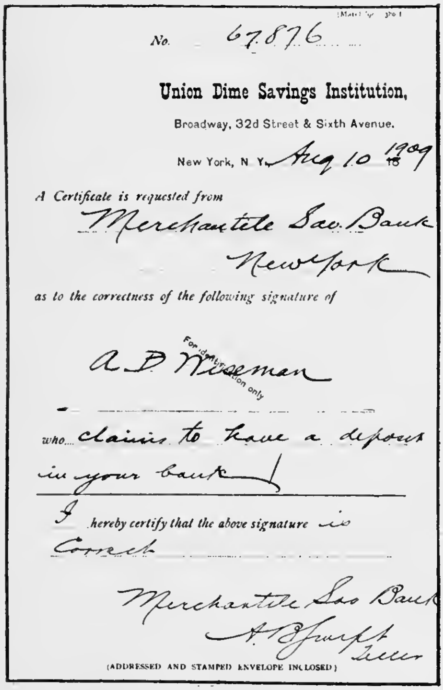
N. B.—The pass-book of the depositor must be presented at the office at the time of demanding payment, unless previously left thereat for settlement.

Form 4—Power of attorney for withdrawing money. Western Saving Fund Society, Philadelphia

first place, where the depositor cannot write. if he has a scar of any sort that is permanent, this is a good test; also if there is a peculiarity about him that is noticeable. Registered letters addressed to the depositor, initials in hat, marks on clothing, monograms on jewelry, etc., often play important parts in the process of identification.

But frequently other and better tests are desirable, as where the signature is radically different (as is often the case), and where other lines of identification are unsatisfactory or impossible. In such cases it is customary to ask other banks in which he might have account to verify his signature, and recognizing that they may also ask like favors, the request is usually granted. Some banks have proper forms for this purpose, as will be seen from Forms 5 and 6. A simple illustration will suffice: Mr. B. has a deposit in a savings bank, and for some reason or other the bank has not obtained his signature (as often happens unless accounts are refused where this cannot be furnished). He wants to draw some money. Upon comparison,

the teller finds no signature recorded or a discrepancy, and advises Mr. B. that he will have to furnish credentials. Upon being advised that a bank identification is the most desirable and often the easiest to obtain, he goes to another bank in which he has deposited for some time and asks them to certify to his signature. This they willingly do. His signature is taken in the proper place and he has no further trouble. The same is true among banks of discount in


No. 67876

Union Dime Savings Institution,

Broadway, 32d Street & Sixth Avenue.

New York, N. Y. Aug 10 1909

A Certificate is requested from Merchantile Sav. Bank New York

as to the correctness of the following signature of

A. B. Wiseman

For identification only

who claims to have a deposit in your bank

I hereby certify that the above signature is correct

Merchantile Sav Bank

Teller

(ADDRESSED AND STAMPED ENVELOPE INCLOSED)

Form 5—Identification form used when signature is in doubt. ***A good form.*** **Union Dime Savings Bank, New York**

vouching for the character of new depositors wishing to open accounts. But money in hand being the only credential with savings banks, such introduction is not required.

General Orders.

There are numerous reasons why two names should be on a pass book. Reasons connected with death, sickness, absence from home, convenience, gifts of money, etc. And the public has been duly educated up to the value of such accounts. There are also reasons why the owner of the property should retain absolute control over the same as long as he lives. There are likewise good and sufficient reasons why one having a single name account should permit another to draw practically at will against it, yet not have any interest in the funds on deposit before or after death. Frequently old people or those living at a distance from the bank prefer to entrust the drawing of money to some member of the family, a relative, or an attorney.

In order to vest another with power to draw money from a savings bank, one of three courses may be taken: First, the change of the account to a joint or trust form, by closing the old and opening the new account, as was discussed in the April Bankers Magazine. Second, to file a general or unlimited order with the bank. Third, and similar to the second method, is by power of attorney. A bank would not, in law, be bound to recognize a simple blanket order and allow the holder to draw at will, but would be obliged to recognize such a wish by a power of attorney properly drawn.

A general order is to all intents and purposes an order for the balance in full, payable as directed by the one authorized to draw. The order is, of course, revokable. At times, a depositor will be convenienced by giving another power to draw dividends only. (Form 3.) In Massachusetts, under the insurance law, the banks are permitted to charge the premiums against the depositor's account. This, of course, would necessitate authority from the depositor to make the charges.

Powers of Attorney.

But in the matter of power of attorney, the bank is bound to know that the power is revoked by the death of the depositor, and such orders are necessarily accompanied with some risk. In the case of Hoffman vs. Union Dime Savings Bank (New York Savings Bank Cases, p. 62), probably the best power of attorney case, so far as sav-

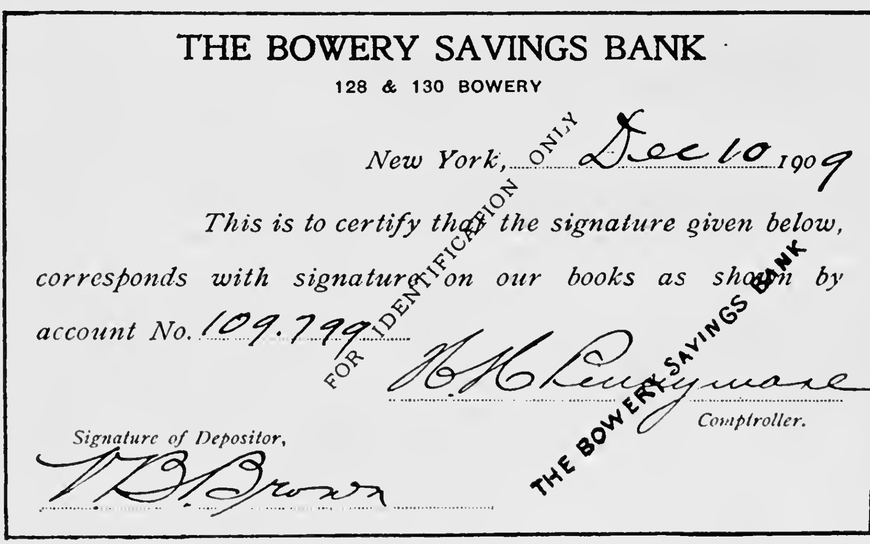
ings banks are concerned, in the New York courts, it was held that unless the holder of the power was vested with some interest in the fund that caused it to survive the death of the principal, the power was revoked instantly upon the death of the depositor. The bank, therefore, should have made inquiry if the principal was alive before making payment, and in failing to do so, assumed the risk of establishing in the holder such interest as caused it to survive.

After a long contest in the courts, the bank was able to show such an interest, and payment was finally sustained, but the case twice went against the bank. When such orders are filed, more than ordinary care should be taken to ascertain the fact of the depositor's still being alive before making payment.

The proper thing to do in the matter of powers of attorney is, of course, to make notation on the signature card, "Power of Attorney in William Smith. See files." Filed among the powers of attorney will be this document. Banks not having to refer to the signature at every transaction could make notation on the ledger account. And in both cases this might be done on the pass book in lead pencil. The signature of the one holding the power should also be taken, as a matter of identification. Where the account is closed by one transaction, proper identification only would be necessary.

Where a general order is filed in "home-made style," as, for instance, "Please let my sister Emma draw whatever money she wants on my account, and oblige, etc.," and the bank cares to recognize such orders, a transparent envelope the size of the ordinary check would come into play, and the order could be inserted therein, with reference to the same on the account. Where the filing is done by accounts and not by months and days, the general order may be filed in its proper place and all subsequent orders attached thereto.

On account of the annoyance caused by these general orders, many banks refuse to honor them, and insist upon changing the account. Powers of attorney, in the light of the Hoffman case, surely ought to be avoided as much as possible. A little argument is all that is necessary to show the depositor the wisdom of doing some things, and they are usually agreeable to anything that will accomplish the result desired. And a joint or trust account will usually answer every purpose and fully protect the bank.


THE BOWERY SAVINGS BANK

128 & 130 BOWERY

New York, Dec 10 1909

This is to certify that the signature given below, corresponds with signature on our books as shown by account No. 109.799

FOR IDENTIFICATION ONLY

THE BOWERY SAVINGS BANK

Comptroller.

Signature of Depositor,

Form 6—Verification of signature used when references as to correctness of signatnre are requested. A matter of courtesy only. Bowery Savings Bank, New York

"ROBINSON CRUSOE'S FATHER"

NO piece of fiction that has ever come from the pen of an Englishman is more familiar than the story of Robinson Crusoe and his weird and interesting experiences on his lonely isle. Whether such a man ever had such experiences, or whether he ever had a real father or not, is of no consequence—he certainly had a "story book" father, whose name was Daniel Defoe

In a very clever and highly creditable brochure, issued in commemoration of the centenary of the founding of the first savings bank in Scotland, mention of which was made in this department in the May number, the Williamsburg Savings Bank of Brooklyn has ascribed the honor of conceiving the savings bank idea to Robinson Crusoe's "literary" father.

Defoe was born in 1661, and embarked as a hosiery merchant and later as a tile dealer, failing in both and losing considerable money, but eventually paying all debts. Thereupon turning his attention to literature, he was imprisoned for talking too much. Whether he conceived the savings bank idea among other schemes while in prison is a matter of conjecture, but his fertile mind was working overtime, and he is credited with advocating the education of women, as well as a scheme to modify the bankruptcy laws and imprisonment for debt. He saw the value of good roads; drew up a scheme for a marine insurance society, a friendly society and a *savings bank*. Just where Robinson Crusoe came in, is not a matter of history, but at any rate, when he was about 28 years of age he drew up a plan for an organization similar to our mutual savings bank, except that it was to be conducted by the Government.

The scheme provided that wage-earners pool their weekly savings and place them in the control of the Government, receiving interest thereon, and in old age an annuity. "I desire," said Defoe, "any man to consider the present state of the kingdom, and tell me if all the people of England, old and young, rich and poor, were to pay into one common bank four shillings per annum a head, and that four shillings duly and honestly managed, whether the overplus would not in all probability maintain all that should be poor, and forever banish beggary and poverty out of the kingdom?"

As a matter of fact and of history, the first savings bank in New York (Bank for Savings) found it impossible to obtain a charter from a rantankerous legislature until it was shown to be a scheme to ameliorate the condition of the poor, and as such it was authorized to do business.

The savings bank of to-day, of course, *insures* nothing,—it simply conserves, and takes care of a man's own insurance accumulations, and invests them for his own account. Defoe's scheme did not bear fruit until after his death, but the Germans saw virtue in the plan, and after thinking about it for fifty years (as Germans are wont to do) they established a savings bank at Brunswick, which proved so successful that others were organized, both in Germany and Switzerland. In 1797 Jeremy Bentham revived Defoe's scheme in England, and with some improvements, proposed to establish "frugality banks." The Rev. Henry Duncan, of Ruthwall, Scotland, became interested in the movement, and the first savings bank in Scotland, whose one hundredth anniversary was celebrated June 8-10, 1910, in Edinburgh, came into being. The movement spread rapidly and crossed the Atlantic in 1816.

Due credit and honor therefore belongs to this "dreamer," not only for conceiving a most delightful romance, but also the most efficient instrument for "encouraging habits of thrift and industry among the masses," the world has yet known.

PRACTICAL BANKING

BANK EXAMINATION BY DIRECTORS

By C. F. Hamsher, Assistant Cashier of the Savings Union Bank of San Francisco

BANK directors can be held responsible for their failure to direct. Such is the text of a decision handed down by a New York court.

It is not to be expected that in banks with a board of directors composed of the leading financiers of the country that these men will lay aside their many business affairs and personally conduct periodic examinations. Fortunately the modern audit by chartered accountants has been established, and affords them relief.

But the banks in the small community and distant from the large city with its firms of chartered accountants, cannot afford to avail themselves of this method, owing to the expense. In these communities the directors are seldom such busy men that they cannot spare the time to make the examination. Even then it is difficult to get a good examination by the directors. Why?

The writer believes it is because they do not know how to conduct an examination, with perhaps a little hesitancy in investigating too closely into the management of the officials they have chosen to manage their bank. However, the law says the examination *must* be made.

Comptroller of Currency Murray found that few, if any, directors have ever read the National Bank Act. Such would be found true of directors of banks organized under State acts.

It should be the duty of officials of a bank to acquaint the members of their board with the main points of the law, if they have not and will not read the act in its entirety.

For the guidance of directors in their examination, the following simple plan might be followed:

The greater portion of the time of an examination should be put in, in a proper counting of the cash, and the examination of the investments. Just as far as is possible, such an examination should be made without the presence of the managing officials.

Count Cash.

The first thing to do in examining the bank would be to take possession of the cash, and the best time to do this would be after the closing hour of the day, or before the opening hour in the morning.

The amount of cash actually counted would depend on the size of the bank. If the bank were small, keeping perhaps twenty or thirty thousand dollars on hand, all should be counted, but in a bank carrying hundreds of thousands of dollars, this would be a physical impossibility without assistance.

In a bank of large size, the count shown on any sealed sacks of coin received from other banks, the clearing house, or from sub-treasuries or mints should be accepted. Of sacks not so sealed, select occasional sacks at random, verifying the bank's own count. If this is proven in a number of sacks it would be reasonable to suppose the marked contents of all sacks to be correct.

The value of each sack may also be ascertained by weighing the coin instead of counting it, if accurate scales are available. One thousand dollars in gold coin should weigh 3 lbs., 10.971 oz.: one thousand dollars in silver should weigh 58 lbs., 14.83 oz., and one thousand dollars in half-dollars should weigh 55 lbs., 1.83 oz., avoirdupois.

If a large amount of bills is held, occasional packages should be selected at random, as in the case of the coin in sacks, and the contents as marked on the strap verified by count.

After counting the cash, compare

total with the cash shown to be on hand by the books of the bank. Here take a copy of the bank's daily statement, and check the totals of all other accounts against the amounts reported by the bank. If any discrepancies were revealed, they should be shown in the report.

In the counting of the cash, an opportunity will be given to learn the practice of the bank as to cash items. Ascertain if it is the practice to carry odds and ends of memorandums as cash items; to carry checks to prevent overdrafts; by the officers for personal expense accounts.

Investments.

Upon the safe or unsafe investment of funds depends the safety of deposits and the profit to stockholders, and as this represents about three-fourths of the resources of the bank, nearly as large a proportion of the time would be put in under this heading. Under it would come the loans, discounts, bonds, warrants, etc.

These should all be listed and examined, together with all collaterals and securities, and all mortgages securing loans should be examined especially to see if they are properly recorded, and the proper lien according to law.

If any of the assets were kept elsewhere than in the vaults of the bank being examined, the records of the bank should be verified by mail, if impracticable for same member of the examining board to do so.

Loans and Discounts.

All large borrowings should be noted, and inquiry made as to the credit of the makers, the value of the collateral and security.

Note should be made of all excessive loans; loans to directors, officers and employes especially, if contrary to law; all companies having loans in which officers, directors or employes are interested; all loans past due more than thirty days, with reason why; all loans on which the interest is unpaid for more than six months (unless the note should specify annual payment of interest); all loans of such apparent age as to lead to suspicion, and inquiry as to why not paid, reduced in amount, or renewed; any doubtful or bad loans revealed by age, nonpayment of interest or depreciated security.

Bonds.

A comparison should be made of the book value, with the market value, and any material depreciation reported; ascertain if practice to amortize bond premium; ascertain if any issue held in an amount in excess of that proscribed by law; and if all bonds are good.

Warrants.

Many banks buy warrants of towns, counties and school districts. Learn how the bank has acquired same, when payable; and if any past due, why payment has not been secured.

Overdrafts.

By an examination of the individual ledger, it could be easily learned if overdrafts were regularly and generally permitted, or to a favored few, and if the latter, who and why; giving particular attention to the accounts of officers and employes to see if they were gate closely all expenditures, and see in the habit of overdrawing; and listing all overdrafts over thirty days old.

Due from Banks.

The amount shown to be due from banks can only be verified by inquiry from the banks on suitable blanks, securing a detail of all entries for several days before and after the date of the examination,—the number of days depending on the distance of the banks away.

Also the statements of correspondent banks should be examined to see if correct at the close of the previous month.

Real Estate.

A comparison should be made of the book value and the actual market value

of all real estate owned by the bank (and whether income producing or not), by comparison with adjacent property; if any real estate was held by the bank in distant communities the value should be verified by inquiry through banks or mercantile agencies. If the bank owns the building in which it does business, a note should be made of the amount of insurance carried.

Furniture and Fixtures.

An examination of the furniture and fixtures account will show the original cost, and reveal if it is the practice of the bank being examined, as it is in all properly managed banks in this day, to regularly reduce the book value of this account to more than correspond with the depreciation.

A report should also be made on the condition of the furniture and fixtures,—if the safe and vault are secure, and the counter and railings furnish proper protection from outsiders.

Note here any insurance carried on the furniture and fixtures and the amount of burglary insurance carried.

Expense.

An examination for the shareholders or directors, should certainly investi- that no one within the bank used the account for personal gain.

The principal items of expense as salaries, rents paid, etc., should be noted.

Deposits.

This heading includes such a number of heads that the principal ones are mentioned.

Due to Banks and Trust Companies.

As in the case of amounts due from banks, these amounts can only be verified by forwarding a statement of the balance shown, to each bank with a request for a report on the correctness. The rate of interest paid should be noted, and any special conditions governing the deposits.

Due to Individuals, Firms and Corporations.

The balance of the individual ledger or ledgers should be verified, as should those of all deposit accounts. The quickest method would be by one of the examining members checking against the ledger balances a list previously taken off by an employe of the bank.

When it comes to proving the balances to the credit of individual depositors, the examiners are face to face with one of the most delicate and dangerous items to prove in the whole examination.

If it be the general practice to mail at regular periods to every depositor a statement, asking for a report of exceptions, the reports received from depositors can be examined upon their return.

But there would be a danger in sending out requests for pass books to be brought in for balancing, for fear of disturbing confidence on the part of depositors.

At any rate, if any officer or employe is guilty of falsification or embezzlement, it is hardly likely that an examining board in the short time they would take would be so fortunate as to discover it.

Note should be made when, how, and what amount of interest was paid.

Municipal Deposits.

The amount of municipal deposits should be verified by mail of the official controlling the deposit. Any interest paid and the security held should be noted.

Certificates of Deposit.

Outstanding certificates should be verified and checked against stubs and certificate of deposits registers. Note should be made of demand and time certificates, any special conditions governing payment, interest paid, and if the reprehensible practice of making partial payments on certificates is followed.

Certified Checks.

After verification, investigation should be made of the practice of the bank as to certification of checks. Does it always charge up the amount against the depositor's account when making certification; does it "accept" such checks as are presented and the drawer has insufficient funds; or does it certify contrary to law?

Dividends.

Examination should be made if it was the practice of the officials to recommend the payment of dividends only on income paid and earned, or upon that not acrrued, or unearned; also if legal proportion of earnings was first transferred to surplus before dividends were paid, as required by law.

Capital Stock.

All shareholders should be listed with the number of shares owned from stubs of stock-book and compared with stock register, watching on stock-book for possible duplicate certificates which might have been issued for originals lost or destroyed, and see if a proper affidavit of loss and a bond were filed.

By reference to the original entries of the time of organization an endeavor should be made to learn if authorized capital was paid in full in coin, in the manner prescribed by law, or if any shareholders had paid for the stock with note or received same as gift.

It should be seen that the capital was sufficiently large in ratio to deposits, if any such requirement in the act under which the bank was working.

Also learn if any shares of the bank's own stock were held as security for any obligation owing to the bank.

If the act required a stockholder's book of records publicly exhibited, see if the requirement was fulfilled.

Surplus.

The amount of this should be reported, but is of no serious concern unless such an amount of bad assets are found as to wipe out the undivided profits and surplus and impair the capital stock.

Undivided Profits.

As with the surplus, this account does not seriously concern the examiners, except to see that charges to it are for proper purposes, and that it be not used to cover excessive expenses.

Items charged off for losses or depreciation since last examination should be noted.

Reserve.

See if the required per cent. reserve was kept regularly, as well as on the date of the examination, or if it was the practice to so closely loan up as to cause frequent declines below the legal requirement when unexpected withdrawals were made.

Reserve Banks.

By an examination of the minutes of the board of directors' meetings it could be learned if other banks in which funds were deposited had been regularly approved by the directors, or if any officer for personal reasons was favoring certain institutions to the disadvantage of the bank. Also ascertain if the reserve banks had been approved by the department of bank supervision.

Meetings.

The directors should know the custom as to elections, meetings, etc., of stockholders and directors, but it should be seen if dividends and other disbursements and transfers were properly authorized by the board of directors.

Officers, Directors and Employes.

A list should be made of each, length of service, previous occupation, other interests, time given, salary received, amounts indebted to the bank, amounts endorsed for others, amount of bond, and in whose custody, and such knowledge of habits, reputation and ability as the examiners might know, number of shares owned, and in case of directors, if proper number required by law.

cient to insure economy of operation calls for a large expenditure. Here is where the organization of the corporation became useful, and the issue and sale of securities based on timber enterprises appeared desirable.

The tendency has been toward a constant growth of large corporations with ample capital, extensive equipment and a large and highly skilled organization capable of managing the business in the most efficient manner.

Such corporations have, through well-known bankers, from time to time, offered their securities to the public, based on their assets of standing timber, logging equipment, mills, tugs, logging railroads, etc. The securities offered by these corporations usually are in the form of first mortgage sinking fund serial bonds.

The Value of a Timber Tract.

The features essential to make such an issue satisfactory are entitled to first attention. The value of a tract of standing timber depends on its kind, quality, total quantity, and also the average quantity per acre; the nature of the land, whether level, rolling or mountainous, thus affecting the accessibility of the timber; the location of the tract with respect to water or railway transportation to the important market centers; whether there is within easy reach a market for the logs, and also a market for lumber. If the transportation facilities consist only of railway connections, then freight rates become an important factor in the problem.

It is necessary to inquire whether the expert timber cruisers employed by the bankers have examined the tract, acre by acre, and have certified to the amounts and kinds of timber located thereon. It is also necessary to inquire whether the bankers' attorneys have examined and furnished written opinions on the company's title to the timber, and that the trust deed securing the bond issue is a first lien thereon. Furthermore, a feature never to be lost sight of by the investor is whether or not the company is amply provided with equipment of modern type for the rapid and economical handling of the product. This equipment in a general way consists of donkey engines for "skidding," "yarding" and loading logs on the railroad cars. It also includes logging railroads into the timber and connections with railway transportation to market, or better yet, connection by water transportation to the important markets.

Security Behind the Bonds.

Conservative bankers require that the actual value of the standing timber shall equal at least three times the amount of the bond issue, secured by the mortgage or trust deed on the timber. The subject of the net earnings of the company is also one of cardinal im-

portance. The earnings should never be less than twice the requirements for both interest and sinking fund payments. Timber bond issues are always sinking fund and serial issues. By this is meant that under the terms of the mortgage or trust deed securing the bonds, the company is compelled to pay over to the trustee, for the benefit of the bond holders, a certain amount, ranging from fifty cents to two or three dollars per 1,000 feet of timber cut. By this provision the owners of the bonds are absolutely protected against the possible cutting and sale of the timber securing the bonds without providing money to retire the bond issue.

The bond issues of some lumber companies are on a basis as high as two or three dollars per 1,000 feet of timber, while other issues are as low as twenty-five cents per 1,000 feet of timber. Of course the lower the rate per 1,000 feet of timber, the better the security for the bonds.

Fixing Values.

Timber varies in value, according to its kind and location. In the far northwest—in Washington, British Columbia and on the Island of Vancouver—there are great forests of fir, cedar, spruce and hemlock, yielding from 5,000 to 20,000 feet of timber to the tree. In the Southern States are enormous tracts of long-leaf yellow pine as well as oak and poplar. East of the Rocky Mountains the yield is much less than in the Puget Sound district. In the British Columbia forests frequently a single tree yields what would be considered a good stand for an acre east of the Mountains.

The estimate of the quantity and value of timber is a matter of judgment born of experience. Expert timber estimators—commonly called cruisers—are always employed by banking houses handling timber bonds. These cruisers are men who have had frequently a lifetime of experience, and therefore have become very skillful in their profession. In cruising a tract of timber they determine the quantity and quality of each kind of timber, and as their work proceeds make record of the results on each acre, forty or section as the case may be. This record is put into the form of a report covering every acre of the tract examined.

It is sometimes thought that an investment in timber is exposed to considerable risk, because of fire hazard. By most people this danger is greatly over-estimated. In the Canadian northwest—that is, in the Puget Sound district— fires are unknown, because here is found the heaviest annual rainfall on the North American continent. In the South but little underbush exists in the forests, and therefore forest fires are not numerous, and do but little damage. Reports of forest fires in the public prints are frequently greatly exaggerated. Large green trees will not burn readily. Many varieties of trees may be manufactured into merchantable lumber years after being killed by fire. Pine and hardwood forests in the North Central States have been severely damaged in places from fire, fed by a heavy

growth of underbrush. At present in all sections great care is being exercised to prevent fires, and both private and government patrols are maintained for this purpose.

Convertibility of Timber Bonds.

The true test of the value of a security behind a loan is whether or not that security can be converted into cash if necessity requires, to pay to the bond holders the money called for by their bonds. A tract of standing timber need not be sold as a unit. It can be divided up and sold in such sized tracts as buyers may desire. It is salable for cash, and the market for timber lands is such that there are always large operators and wealthy buyers who are ready to pick up bargains at any time, and are prepared to pay cash. Therefore, holders of timber bonds, secured by a properly selected and located tract, can always rely on the fact that the timber securing their bonds could be turned into money in a very short time if it became necessary to do so. In other cases, like that of an electric railway or gas, or electric light plant, if the interest is not paid on the bonds, and a default occurs, the property can rarely be sold for cash to an independent buyer, but must be bid in by the bond holders for their protection. A tract of standing timber is immediately salable for cash.

In the selection of timber bonds, as in the selection of any other security, discrimination must be shown. It is customary for corporations that desire to raise capital in the open market to do so through banking houses that are well known. Because of the large volume of business handled by such houses they can well afford to employ the necessary timber experts, lawyers and accountants to thoroughly examine every detail in connection with the various issues offered to them. It is therefore desirable for the investor to make his purchases through such banking houses whose reputations are established, and in whom he has confidence.

There is no doubt that the popularity of timber bonds is steadily increasing, and the certainty of constantly increasing value for standing timber, due to the growing consumption and rapidly diminishing supply, makes timber an attractive security for the investor.

Some Timber Facts.

Last year over fifty-five billion feet of timber were cut in the United States. More than 18,000 acres of timber are cut in the United States every working day. At the present rate of consumption the desirable and accessible timber of the country will be exhausted in between twenty-five and thirty-five years.

To supply a paper like the Chicago Tribune with paper for one year requires over 2,000 acres of timber.

We use 7,300,000 cubic feet of cedar per year for lead pencils.

Our consumption of timber is increasing much more rapidly than our increase in population.

When the Panama Canal is completed more than ten dollars per 1,000 feet can be saved in freight rates from the Pacific coast to our Atlantic cities.

There is no other great staple as indispensable to civilization as timber, the consumption of which is rapidly increasing, while the supply is constantly diminishing.

READING THE FINANCIAL PAGE

HINTS TO HELP INVESTORS IN SEPARATING THE WHEAT FROM THE CHAFF

This article comes to us from a member of the financial staff of one of the big dailies. For obvious reasons the author's name is withheld.—Ed.

THE average man interested in financial affairs wades through an appalling amount of useless matter in his reading of the money pages of the newspapers. Wanting to keep well informed, when he gets to the financial part of his paper, he is apt to read it right through—reading-articles, paragraphs, gossip and all. In his desire not to miss anything and usually being unable to pick out at sight what is important and what is not, he is apt to swallow the whole business. The whale does the same thing, but he has sense enough to blow out what he doesn't want. The average investor is more apt to try to digest all he has taken in.

If for the sake of saving time alone, the average financial page of the average newspaper ought to be read with discrimination. Assuming now that the man who is reading it is an investor and not one of the deluded ones engaged in rainbow-chasing after fluctuations, most of the market conditions of the day are of no earthly interest to him whatever. "About two o'clock some good selling was noticed, but banking-house support appeared and the bears quickly withdrew"— Allowing that such a statement represents what actually *did* happen in the market at two p. m. (the chances are fifty to one that it doesn't) of what possible use can it be to the investor to be apprised of the fact? "Stocks ran off sharply at noon, but again the very best sort of buying was noticed, the list soon righting itself and higher quotations being made all along the line to the extent of a point or so"—Interesting, but in all probability, very far from being correct. "Banking support" when it appears in the market is not apt to be labelled that way. If it were, the financial reporter, running around the street for news, would hardly be in a position to see it.

Gossip.

Of little more use is the gossip which appears every day concerning railroad consolidations and other matters of that kind. Most news items of this sort—they can hardly be called news items—are "planted," that is to say, are allowed to trickle out from what are regarded as good sources of information for the purpose of influencing sentiment. The variations in which this news is dished up are something remarkable. It is hardly possible at times to recognize the account given by two different newspapers as relating to the same thing. Here imagination holds sway. The paper whose reporter has the most of that useful quality is able to present the story in the most interesting form. Investors like it that way. It reads better.

Comment.

Then, again, there is the so-called comment appearing in the daily papers.

An event such as the recent injunction against the raising of railroad freight rates comes up, and the same afternoon or the next morning the papers are filled with learned comment showing exactly how, when and to what degree the situation is going to be affected thereby. The news is out—the public wants to know what it means. There has been no time to digest the situation or to get it in right perspective. But that makes no difference. "What does it mean to the market?"—readers want to know that, or, at least, they want to know what the paper they read thinks it means to the market. As a matter of fact, the writer of the comment has had no time to make up his mind about it one way or the other. He has had to slap down the first thing that comes into his mind on the subject, often a snap-judgment and not worthy of very serious consideration.

What, then, is left of the financial page—to what part of it is the investor's serious attention entitled?

The Facts That Count.

Broadly speaking, to three parts of it—the actual quotations and earning statements, the real news items, and the summaries. If the man who wants to keep well informed on financial affairs would give close attention to these, relying upon getting his comment on the financial situation out of some authoritative periodical, weekly or monthly, he would be better off than at present, burdening his mind with all sorts of hastily prepared material.

The quotations and the reports of earnings are exceedingly important. By reading them over each day, a man with a good retentive memory is enabled to picture in his mind the general condition of the financial markets in the most correct manner possible. Perhaps he watches two or three stocks, perhaps a dozen or twenty. If they are the leaders, the mental chart is apt to be correct. He will know more about the drift of the market than if he is told by twenty writers of financial "dope" that stocks went up to-day or went down yesterday.

Of earning statements, it is only necessary to say that they are the light by which the true investor is guided. Editors and commentators on large financial affairs find it necessary to look over the earning statements of practically all the important roads, but for the individual investor it is usually necessary to keep in touch only with the statements of those properties in which he is directly interested. It will pay him decidedly to do that.

The financial news items are of great importance in getting before the intelligent investor the material on which he bases his own judgment as to the drift of things. It is not always easy to pick out a real news item from a rumor dished up in that form, but practice will enable the investor to do it, so that after a while the genuine item of news will stand out from the mass of comment in which it is usually embodied, as though it were printed in big block letters. It is not the fact that rumor has it that the Eastern & Southern is going to buy the Northern & Western that he wants—it is the fact that the Eastern & Southern *has actually bought* the Northern & Western—when he reads it that way, it is worth while going ahead and try and figure out what the consolidation means.

The summaries of earning statements, quotations, etc., can be called the milestones in the financial pathway by which the investor is enabled to find out just where he is. However retentive his memory or however clearly there

may be aligned in his mind the figures he has read, it always helps greatly to come upon a first class summary of facts and figures. Investors get to know where these summaries appear and go to them the way the trout in sluggish rivers go to the clear water holes.

With these suggestions in mind, it will be found that the financial page can be read every day intelligently and very quickly. The financial page of the average newspaper is one of the most important it contains. A working knowledge of the facts which appear upon it is absolutely essential to the man who claims to be well informed on current events.

FRENCH PURCHASES OF AMERICAN BONDS

By C. L. Scovil, of Spencer, Trask & Co.

PARIS bankers, who are largely guided by the exigencies of French foreign politics, have recently unloosed the floodgates of the people's savings, and American securities are now being absorbed in large quantities in their market, which has hitherto been particularly chary of American investments. This is a matter of much greater importance than can be measured by the spurt of a few points with which the stock market first greeted this favorable announcement. In the first place, French bankers are generally recognized as being among the most conservative in the world. The ordinary swings of the markets are of no importance to them, because they examine fundamentals most carefully, and consequently their readiness to buy largely of American securities at a time when a spirit of pessimism is permeating our markets, is an indication that they view our situation as inherently sound, notwithstanding the occasional setbacks to which we are subjected.

In the next place, these French purchases lift a burden from our shoulders at a most opportune time, as our railroad systems are in urgent need of funds for betterments and improvements, and conditions still reigning in our bond-markets would certainly have made the terms over here very expensive, if not altogether prohibitive. Corporations generally have recognized this situation to such an extent that the only offerings of importance in the month just passed were made by the Pennsylvania and the Baltimore & Ohio Railroads. Municipalities, however, do not seem to have properly gauged the signs of the times, or if they did, thought they could disregard them, and consequently we see such important cities as Philadelphia, Baltimore, Chicago, Milwaukee and Portland, Ore., fail one after another in their efforts to place bonds. Since all these widely separated municipalities enjoy good credit, it is but reasonable to assume that the cause for their failures is due to factors that

are national rather than local. The principal factors seem to have been the unattractive yield of the offerings (between four per cent. and four and one-half per cent.), and the already large amount of undigested securities seeking final lodgment.

There is another reason which contributes to the general apathy toward the bond-market. Our people, never of a particularly economical disposition, have been carried away by the automobile craze, and thousands are running cars who cannot afford to do so without mortgaging property, while thousands of others are now investing in motors who formerly invested in bonds. It is calculated that upwards of $300,000,000 will be absorbed by the automobile industry this year, which represents the interest on about two-thirds of our entire prospective crops of the present year. This is a phase in our political economy which deserves more consideration than is usually given to it.

To the above causes should be added the unsatisfactory outlook for money during the second half of the year, which in itself would tend to keep the market in a more or less quiescent condition.

CURRENT RAILROAD STRATEGY

DEALS PRESENT AND PROSPECTIVE SIMMERING BENEATH THE SURFACE

By A. Franklin

THE time to buy is when the other fellow wants to sell. The time when big railroad deals are arranged is when public interest in the markets is at a low ebb and stocks are for sale. These are the times when it is possible for an Edwin Hawley to get control of a Chesapeake & Ohio or a Canadian Pacific to take over a Wisconsin Central. Consummation of a railroad deal usually requires accumulation of stock. When the markets are active and the outlook is bright, people want to buy stocks—not sell them. It is in times when public sentiment is depressed, therefore, that the big interests who are trying to put through deals are most active.

The present is a time when public interest in the market is at a low point—when investors who have been holding on to their stocks for a long time seem willing to let go of them—when it is possible for some strong interest which wants to get control of a property to buy in the open market the shares it needs. Below the surface there is a good deal going on—far more than the eye of the ordinary investor can see. How quietly it is possible for the big men to work and with how little an advance in the price of the shares they are accumulating, can be seen from the deadly dull market often existing in the very stocks which are being accumulated.

Below the Surface.

It is not easy to look below the surface and see what is going on in the way of accumulation by strong interests, but here and there, situations are constantly developing which make it well worth while to study carefully what is going on. At the present time, here in the East, the main points of

interest are in the situation which is developing with regard to the control of the Wabash and the arrangement which has just been made between the New York Central and the Western Maryland. Out in the Middle West, the attempt by the Chesapeake & Ohio system to get an outlet to the Great Lakes is a strategic feature of great importance. In the Southwest, the Kansas City, Mexico & Orient is pushing its way from Kansas City steadily down towards the Gulf of Mexico, and is bound to become a factor of immense importance in the transcontinental situation. North of that, there is the Western Pacific, with all the importance which its control involves, as well as the Denver, Northwestern & Pacific, one of the most important connecting lines in the country, and surely slated for the treasury of one of the big systems. Further up in the Northwest, there is the whole question of the competition between the great lines stretching westward from Chicago to the Pacific Ocean, particularly the Hill invasion of the Harriman territory and the attempt by the Hill forces to push their way down toward San Francisco.

Who Owns Wabash?

The situation with regard to control of the Wabash seems to have been becoming more and more acute during the past four months. Who owns the Wabash? Is it still a Gould property? There are those who claim that it is, and that George Gould's ill-starred attempt to get into Pittsburgh, while it may have cost him a good deal, did not cost him control of this property. That, however, remains to be seen. It is a fact that, during the past few months, the Rock Island interests have come absolutely to control the Lehigh Valley. It is also a fact that the Wabash forms a connection between the Western terminus of the Lehigh Valley at Buffalo and the Eastern terminus of the Rock Island at Chicago, and that control of Wabash would give the Rock Island people what they have so long sought—an entrance into New York City. For a long time, the story has been in the air. It has been denied and affirmed and denied again, but behind the story there seems to be so much reason backed up by so much circumstantial evidence that it will not down. The plan of the Rock Island people to force their way into the East is more than a dream. By those in a position to know, it is declared a positive reality. Control of the Wabash is the key to the whole situation.

What it would mean to the Wabash were it to be controlled by the Rock Island interests and made a vital part of the route into New York is plain enough.

In the Cumberland Mountains.

Work on the 80-mile connection between the Western end of the Western Maryland and the New York Central system near Pittsburgh is now begun, and within sixteen months the Vanderbilt line will have a direct outlet from Buffalo to Baltimore. What this means to the New York Central system can easily be seen. Coal from the Pennsylvania coal fields, bound for the Atlantic seaboard, has at present, first to be taken Northward to Buffalo and then transferred East. By the new line which will now be established for the Western Maryland, the distance from the Pennsylvania coal fields down to tide water will be very greatly shortened. The New York Central system will, indeed, be placed on a competitive basis with regard to traffic of this kind

with Pennsylvania and Baltimore & Ohio.

On the Great Lakes.

With regard to the Northward extension of the Chesapeake & Ohio to reach Toledo in one case and Chicago in the other, not very much need be said. It has been the Hawley idea, as is well known, from the very beginning, to make a trunk line of the Chesapeake by getting a connection with Toledo on Lake Erie and with Chicago. To this end, Northward connections from Cincinnati have long been sought. Control of the Hocking Valley which furnishes the desired connection in one case has been secured. Nor is the legal wrangle now going on likely in any way to disturb the Chesapeake's ownership of this property. On the other hand, it is only a question of a short time before control of the Chicago, Cincinnati and Louisville, which connects Cincinnati and Chicago, goes to the Chesapeake and Ohio.

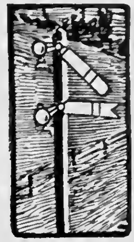
The Chesapeake, as a trunk line system, running from Newport News, on the Atlantic Coast, up to Chicago, on the Great Lakes, may be regarded as an assured fact. Considering what earnings the Chesapeake is able to show under the present conditions, it will pay the careful investor to watch the progress certain to be made.

The "Orient."

In the Southwest, the Kansas City, Mexico & Orient, the road which Arthur E. Stillwell and his associates are building from Kansas City down to the Gulf of California on the Pacific Coast, is well over half finished. On the part of the line already completed, earnings are making a very satisfactory showing, while the support which the project is meeting both from the territory through which the road runs and in Eastern financial markets almost guarantees its success. Who will get the Kansas City, Mexico & Orient? Nobody probably. The road is not being built for sale. It is being built as a short connection between the Middle West and the Pacific Coast, built with a far-sighted view to the good effects to be derived from the completion of the Panama Canal. Strategically located as it is, the Orient has more than a chance to hold its own with its older competitors and to share abundantly in the business which they enjoy.

To the Coast.

To the Northward, two important propositions meet the eye looking for strategic possibilities. In the first place, there is the Western Pacific, a road which has been put through at such high cost from Salt Lake City to San Francisco that individual control can hardly be expected to remain long with its present owners. Western Pacific was a part of the visionary Gould transcontinental plan, a proposition far too big for what is left of that scheme. As an outlet to the Gould roads of the Middle West, the Western Pacific will be useful. There are too many other roads, however, to which it would be useful as an outlet to the Pacific Coast for it long to remain as at present. Rumor has had it that the Hill system, by buying largely into the Denver and Rio Grande, has made itself very strong in the affairs of the Western Pacific, and the Burlington, on several occasions, has been reported as having come into absolute ownership of the road. But whether it is the Burlington or the Rock Island, or one of the other great systems of the Middle West, it may be taken as a foregone conclusion that Western Pacific will find, if not a purchaser, at least some great system



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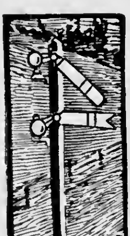

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which will share its control with the present owners.

In this connection, too, the Denver, Northwestern & Pacific, the new line which is being run West from Denver to Salt Lake City, plays an exceedingly important part. While it can in no sense be said that this new road which is being built at such engineering trouble and expense is being constructed for the purpose of selling it out to somebody else, it is nevertheless illogical that such a property should remain long independent. Constructed as it is and traversing the territory it does, the Denver, Northwestern and Pacific will probably turn out to be a profitable enterprise—a money-maker. At the same time, in the hands of the Burlington, with the Western Pacific as a connection for through traffic, it would turn out to be a good deal *more* of a money-maker. Eventually, the property will be taken over by one of these roads. They will be forced to it.

Lastly, there is the ever interesting situation in the Northwest—the Hill invasion of the Harriman territory, about which so much has been said and written. From the Northward, extensions of the Hill system are being steadily pushed down through Oregon, with San Francisco as the objective point. It will be some time yet before the Hill lines make direct connection with the Golden Gate city, but from the way things are shaping up at present, that, in the long run, seems bound to come. If it ever happens that the Burlington gets control of the Western Pacific and that a line is projected Southward from Seattle to San Francisco, it will mean practically that the entire Harriman empire will be girdled with Hill lines.

Whether that will ever take place still remains to be seen. It can be said with confidence, however, that had the great Genius of Railroads lived, such progress toward the completion of this ambitious project could never have been made.

TOWARD THE END OF THE YEAR

WITH money conditions as easy as they are at present, it seems rather strange that forecasts as to the autumn money market should agree that rates are bound to be high. On this point, dissenting opinion is rare. Everyone seems to have made up his mind that the last few months of the year will be marked by decided firmness of money, if not by positive stringency.

The reason seems to be that, while "money" is cheap, "capital" is scarce. The man who owns good active stock exchange collateral and who wants to borrow money finds no trouble in getting the bank to lend it to him at a low rate of interest. The man who wants to build an extension on his factory, however, finds it a very different proposition—if he is able to get a capital at all he finds that he has to pay a good stiff rate for it. That is just the difference. Bankers' surplus capital is available where collateral is perfect and the money can readily be withdrawn. But where it is a question of sinking money into some enterprise and having the safety of that money depend to a certain extent upon the success of the enterprise, the proposition is altogether different.

Why Capital Is Scarce.

There seems to be three reasons why this is so. In the first place, uncertainty is in the air—uncertainty over the political situation, over the legislation which may be passed at Washington and over the possibility of a further row

over the tariff. Secondly, high prices for things have tied up very large sums of money. Thirdly, the land speculation which has swept the country from Maine to Lower California has "fixed" hundreds of millions of dollars which would otherwise have been available for business enterprise.

Of these three considerations it will readily be seen that the first two may, at any time, change materially. Prices have, indeed, already gone a long way back, and very large amounts of capital have been thereby realized. Uncertainty is bound to continue for some months more, but gradually we seem to be getting over the idea that the safe and sane administration at Washington is bent upon wrecking the industry of the country. Land speculation as a factor remains. The amount tied up in it, even though the other two conditions materially better themselves during the next few months, is in itself a pretty good guaranty that capital will command a fairly high rate for the rest of the year.

M. G. E.

SELLING BONDS

AN OCCUPATION IN WHICH VERSATILITY IS AT A PREMIUM

By George E. Castello

BLISSVILLE is one of the most beautiful towns on earth. I wish I could tell you its real name, but any bond man, and many who are *not* bond men, will guess before long. I am particularly partial to it, because the streets are laid out according to the cardinal points of the compass. And *such* streets! Great wide thoroughfares, the side walks over-arched by the boughs of magnificent trees—and, way, way back from the walks, the most comfortable looking houses you ever saw! (I'm getting warmed up now, but the Editor has just remarked "Cut the descriptive—we want *live* stuff—not paying for mush padding"—so I deem it advisable to slow down a bit.)

To continue—On the nicest of these nice streets is set one of the most comfortable of the comfortable houses, and in this house lives a clergyman, who, I was advised, could buy fifty thousand bonds without having to go into his wallet. It sounded like a good prospect. So I called without delay.

THE BURNT CHILD DREADS THE FIRE.

"Are you the Rev. Dr. William W. Williamson, Jr?" I asked.

"I am neither Doctor *nor* Junior," he replied, frigidly, with the accent of conscious rectitude upon the "nor."

"I thought I had the name and trimmings right," I explained.

"You *have* the *name* right," he answered, smiling, "but it is just a trifle over dressed. I am not a Doctor of anything, and I used to be Junior, but I have dropped it. Don't you think I have enough to carry as it is?"

I agreed; then we began to talk shop a bit. The extreme conservatism of his investments was dwelt upon at length.

Three, and, at the most, three and one-half per cent. was all the yield looked for, and my suggestions anent buried talents, also a financial application of St. Paul's admonition, "Be ye not over-righteous," were of no avail.

I had a glimmering consciousness of being on the wrong tack, and was about to change my method, when the Rev. W. W. W. suddenly transfixed me with a wrathy glare.

"Look here, young man! You're a very good talker and an excellent salesman. Your firm should be proud of you. If you're as smart as you *sound*, you're pretty wise; but there are others just as smart as you, and I have reason to know this by my own experience. Six years ago, a young man, very much on your style, came in here, and wheedled me into buying some bonds which I *knew* were no good, and which have proved to be worth less than the market value of the paper. Yes," he continued, his wrath rising at the recollection, "I was bamboozled into buying that stuff against my better judgment, and my judgment stands vindicated, for the things are not worth a *Damn!*" (The expletive was explosive in its intensity.)

"May I ask the name of the bonds?" I queried.

The first response was an emphatic refusal to tell any more, but I finally got the whole story, though with no little difficulty.

"What did you pay for these?" I asked, looking them over.

"Four thousand dollars," was the grim response.

"I'll give you five thousand for the lot," I replied.

"Wh-wh-wh what's that?" he spluttered.

"I'll give you five thousand for the lot, and make money. How long is it since you have looked at these?"

"Not since the concern went to smash—six years ago."

"And have you had no communication from or with the officers of the company since then?"

"Yes; I think I had a few letters, but I thought they were just schemes to get me to throw good money after bad, At least, that is how the first one read. So, as soon as I found out where the others came from, I just pitched them in the waste basket."

"Well," I said, "you may be interested to know that these bonds have never really defaulted on their interest. They took advantage of an extension clause, which appears very plainly here (showing him the bond), and the concern, instead of going to smash, pulled through beautifully—so beautifully, in fact, that the bonds are now selling at a nice juicy premium of ten points."

The above is one instance of the "conservative investor." Sure that he had been duped, he would confide in no one, to save his amour propré.

Those Who Know It All.

The "Omniscients" are in a class all by themselves. Things of beauty, and a joy forever. Speaking of Omniscients—from the far distances of the dim, religious past, there comes to me a picture of dear old "Holy Joe." Joe was a great character, great of heart, head, and capacity. His father was a clergyman, and Joe had studied for the ministry—hence his soubriquet. He knew the Canticles by heart, and his parodies were blood-curdling in their blasphemy. One of his favorites was a version of the Te Deum, a portion of which ran:—

"The Glorious Company of the Omniscients,
Knock me."

It is of the Omniscients that I would sing. Wiseacres have told me things about my own offerings that I myself had never heard. One of the type weighed close to four hundred pounds, and I swiftly christened him Omnibus Flestrin. (Get the pun? Solution in next number.)

According to O. F., the country was in a ghastly state. Everything was either too high or too low—poor stuff way up, good things thrown away. Following his argument, I said:—"Yes, you certainly can make some fine buys at the moment. What do you think of X——?"

"Too high—too high!"

"Earning ten per cent., isn't it?"

"All on paper—all on paper!"

"Well, how about Z——? Selling at sixty-five, and it paid five per cent. last year, with prospects of six per cent. this year."

"Now, lookyher, young man, I learned this game before your pa and ma was born, and let me tell you one thing—I know what's what in the Street, and don't you forget it! When *I* make a buy, it's something with an *equity* behind it!"

"What about this bond *I'm* offering?" said I. "It pays six per cent., and has an equity of ten millions market value in securities behind the million bonds. What's the matter with that for an equity?"

"Equity!" he snorted, in fine disdain. "Equity! Why, *that's* no equity! Show me a road with securities for seventy millions outstanding on a capitalization of seventy-five millions, and I'll show you an equity! *That's* what *I* call an equity!"

MEETING A MAN ON HIS OWN GROUND.

"Out West, y' know, out West," as the Rev. Billy Wilkinson (God bless him!) says, lives a man who owns mills—also millions. (Cause and effect.) He is ten years older than he was in 1900, has a round, ruddy face, adorned by a white mustache.

I had just ridden over three hundred miles in a Pullman, enjoying the society and conversation of one of the finest men I ever met. He was a past master in salesmanship, and I have since profited greatly by his teaching. One of his strong points was, "Always meet a man on his own ground," and he cited numerous instances of how well the idea worked out. I thought it over a whole lot, but concluded that there was so much up and down work in my line that I would soon be a one-ended human see-saw if I adopted the plan. If a man sells clothes, he sells to clothiers—canned goods to grocers, etc., etc., ad nauseam; but a bond man has to *try* to sell to *everybody,* ergo, his transitions to and from, or his vacillations between, zeniths and nadirs of caste and cash conditions are "powerful an' tremenjous," as old Butch Henderson used to say.

I knew that Mr. Mills owned half a million bonds, that he had bought twenty thousand the week previous, and that he had enough ready cash to buy my whole list, had he felt so inclined. *Also,* my traveling companion's precept was fresh in my mind.

When I told Mr. Mills I would like to talk bonds, he gave the poor old mustache three or four vicious tugs, yanked it into place, then turned it upside down with one swoop of his hand. After which he glared at me for a moment, and said:—

"I've never bought a bond in my life, don't want to buy any, have no money to buy with, if I wanted to, and haven't time to talk!"

"You're a liar!" slipped out so smoothly that I never felt it coming—or going. It's what I was thinking, but I had thought out loud! I had "met him on his own ground," all right, but it was a "chance affair," so to speak, and I was almost paralyzed with fright.

Mills stared—then he stared again—and then some! All the while I was trying to remember just how I had come in, and to figure the quickest way out, but I couldn't, for my life.

There was Mills, "a' swellin' wisibly afore my wery eyes," like Mr. Stiggins. Lordy! he was mad! Then, all at once, something released the tension. He laughed out loud, stuck out his hand,

and said: "Well, my boy, you've got a hell of a gall, but, by the Great Budda, you're the first chap with real *man's* talk I've stacked against in many moons! Come in here, where we can sit down, and tell me your little tale."

Mr. Mills certainly was a "rare old bird." I went home with him, and he did his best to make me harmless. I never wasted so much wine in my life! My host swore I had hollow legs! I do not know whether or not vintage champagne is very good for mahogany tables, Persian rugs, and parquet floors, but, should this meet Mr. Mills' eye, let it be my apology for disposing of my "fizzy stuff" in the manner calculated to do the least harm to the next day's work!

'Twas a wild night! I felt fair to middlin' as I walked hotel-ward, but I called it a day's work, and had no qualms about the morning after the preceding evening—and there's a whole lot in that, should any one enquire!

THE SAVINGS BANKS AND THE BOND MARKET

ANNOUNCEMENT by several important savings banks of a reduction in the rate paid to depositors from four per cent. to three and one-half per cent. makes the movement toward lower rates so general as to raise the question of its influence upon the bond market.

The lower rate means the adding to the surplus of the savings banks of a good many million dollars, but on account of present conditions will probably not exert as much of an influence upon the market as might be expected. It is true of course, that, having to pay depositors only three and one-half per cent., where they formerly paid them four per cent., the savings banks will be in a better position to pay a higher price for the bonds they buy, but, after all, the real reason for the apathy of the savings banks toward the bond market has very little to do with the high price of bonds. Falling prices for bonds which cut into the banks' surplus was what was at the bottom of this movement toward lower rates on deposits.

In the long run, the lower rate will operate to rectify this condition and help the bond market, but that will take time. It will take a good while for the difference of one-half of one per cent. in the amount paid depositors to build up the surpluses of the banks, depleted as they have been through the awful shrinkage in the value of investments held. It may be, however, that the surplus will not have to be made up in that way. In spite of the ranting of the gold depreciation theorists, the bond market will not improbably get on its feet again and savings-bank bonds come back to the price which the savings-banks paid for them. In that case, the reduction in interest paid depositors will immediately begin to exert a salutary effect. The bond men now admit that the attitude of the savings banks toward what they have to offer is indifferent in the extreme, but are anything but hopeless as to what the situation will be six months or a year from now.

M. G. E.

A TURN FOR THE BETTER

IN view of the way in which the increase in the consumption power of the country has reduced the surplus of agricultural products available for export, any influence bearing upon an increase in the amount of wheat or corn raised is of great economic impuortance. Much has been made of the immigration across the Canadian frontier of very large numbers of American farmers, who find Canadian agricultural conditions more favorable than those prevailing in the United States. As an offset to this, however, there is a development in the immigration from Europe which deserves notice.

The incoming tide of aliens is not quite up to the high water mark established two or three years ago, but is largely on the increase and, best of all, shows a decided improvement in the component parts of which it is made up. In April, for instance, the number of immigrants coming in from the

British Isles alone was over 16,000, a very much greater number than have come in from that locality in one month during many years. The Scandinavian immigration, too, is largely on the increase, and lately there has been a disposition for the number of aliens coming in from France and the Netherlands to rise steadily.

All this has a very decided bearing upon the future status of agriculture here. According to James J. Hill and the other experts who have studied the situation thoroughly, our great need is for intensive farming—for the kind of farming that makes every acre grow the amount of wheat or corn that it ought to grow. Comparison of the per-acre yield of the farms in this country and abroad shows how much better they understand these things on the other side than they do here. Of the immigrants coming in from Northern Europe, not all go to the tilling of the fields, but a great many of them do, and those that do know how to do it. If the improvement noted in the character of the immigration continues, the effects upon our present slip-shod farming methods may in the long run become very decided. MERLE AMES.

RELATIVE MERITS OF RAILROAD STOCKS AND BONDS

By Floyd W. Mundy, of Jas. H. Oliphant & Co.

THE investor is afforded little protection in the long run by reason of the fact that his investment is called a "bond." The name "bond" does not carry with it any guarantee of quality. So far as the term is accepted as a synonym of protection or safety, it is, in this day, a misnomer. In recent years so many new kinds of railroad bonds have been introduced into our market, that the investor must use great care lest, in purchasing a bond, he finds himself possessed of a security far inferior in grade to many railroad stocks in which he would not choose to invest.

Various Kinds of Bonds.

There are outstanding to-day various kinds of collateral bonds; bonds the joint obligation of two or more railroads; bonds the joint obligation of railroad and coal companies; participating bonds; convertible bonds; debenture bonds with no security; debenture bonds collaterally secured; debenture bonds to be secured by mort-

gage in the event of a new mortgage being placed upon the property in the future. The names of bonds vary, as prior lien, general lien, divisional, consolidated, unified, first consolidated, first mortgage, second mortgage, third mortgage, extension mortgage, plain "bonds," etc. Needless to say, a third mortgage bond of one company may be infinitely more secure than a first mortgage or prior lien mortgage bond of another company. "Bond" is a generic term as "bird," "plant," "flower."

The value of a bond therefore must rest to-day, more than ever before, upon the earning capacity and the character of the management of the issuing company. A bond may be a first mortgage on property, the value of which is much greater than the face value of the bonds issued against it, yet this bond may suffer considerably in the market, owing to the fact that the issuing company has outstanding other bonds issued against insufficient security, the result being that, if such company's credit becomes impaired, all the bonds of the company, good and bad alike, will suffer depreciation. The value of a bond is based upon the value of the security behind it and this value depends largely upon revenue-producing capacity.

Advantages of Good Railroad Stocks Over Low-Grade Bonds.

Some stocks are far safer investments than many bonds. There are stocks which are infinitely better investments than scores of bonds which are second-grade. If intrinsic value is determined by earning capacity, or the ability to pay, and if an investment is to be chosen or discarded because of its value or absence of value so determined and not by the interest or dividend producing quality, then there can remain no question of the permanent advantage as an investment possessed by good railroad stocks over a large class of railroad bonds. I refer to the second, third and fourth grade bonds, etc.

A large class of investors has been educated over a long period of years to place reliance upon bonds to such an extent that they look askance at stocks. Bonds of inferior grades are issued to-day in tens of millions to investors in recognition of their attitude toward this class of security. The investor naturally demands a steady income and is not willing to contemplate, much less suffer, a temporary withholding of his income, a risk which naturally attaches itself to stocks. Owing to this disposition on his part he at once places in the hands of the shrewd (not to say unscrupulous) capitalist, a weapon which is frequently used against him.

Bonds Usually Issued After Earning Power Is Demonstrated.

It is well known that the capitalist who conceives the idea of building a railroad, or of erecting a manufacturing establishment, first invests his own money, together with that of his immediate friends and associates. After he has expended, say a million dollars, to develop the enterprise to a point where it is earning money and can "make a showing," he at once issues bonds to cover the cost of the plant. This money is not returned directly to the original promoters, but is used for the further development of the business. If the business is at all profitable, the chances are that the money, which is subscribed by the investing public, will bring in a return not of four or five per cent., which is the amount of interest which the bonds bear, but more likely fifteen or twenty per cent. upon the cost. The equities thus established and the enlarged income thus created accrue to the benefit of the original promoters, who, of course, control the enterprise through the ownership of all or a large majority of the capital stock.

Knowing that originally many stocks represented merely an equity in the future and that frightful losses have been suffered by stockholders, often as a result of insufficient knowledge, the investor is slow to recognize the investment qualities which many stocks to-day represent. During the last ten to fifteen years the railroads, as a rule, have pursued a most conservative policy in devoting a considerable portion of profits each year to the improvements

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of their properties, the purchase of equipment, etc.

Many railroad stocks to-day represent more than bonds used to represent; that is, they represent cash paid in at par. The past ten years, years of prosperity, have witnessed an altogether new method of financing by the prominent railroad companies. During this period hundreds of millions of dollars have been secured by the railroad companies through the sale of capital stock at par value or higher. The larger part of the money so raised has been used for strictly railroad purposes, that is, in the purchase of equipment, the building of double tracks, sidings and extensions, etc.

Dividend Policy.

As already stated, many investors are deterred from investing in stocks owing to their recognition of the fact that dividends can be paid or withheld largely at the discretion of the management, whereas interest payments must be met or the property reverts to the bondholders. Allowing for the fact that rates of dividends are subject to change in accordance with the conditions of general business and the growth or diminution in the earning capacity of the particular company, and likewise in accordance with the changes in the policy of the directors, the high grade stocks of railroads must be considered by far the safer and more promising investments than scores of bonds which are acknowledged to be good bonds.

Of course the stock of any one railroad cannot be safer than that railroad's bonds, yet it may be far safer than any bond of another railroad. And referring again to that matter of discretion which directors are privileged to exercise in the payment of dividends on stock, is it not manifest that this very discretion, if fairly and honestly exercised, contributes to the permanent value of the stock? Many companies have been crippled financially and physically because the directors could not reduce the payments for interest, etc., at times when the temporary withholding from the investor of his income would have kept the company in funds to meet its other obligations.

Income and Increment.

The large majority of this investor class, however (reference is made to those who are *bona fide* investors and mean to be prudent), are constantly seeking securities which yield a return of from five per cent. upwards and which they believe have a fair chance to appreciate in price. It is upon these investors that large losses fall; I refer not only to the direct losses which result from unwise investments, but also to the indirect losses which result from their failure to overcome certain prejudices. By indirect losses is meant the fact that these investors often fail to receive the security and the amount of income and profit which might readily be secured were they less influenced by surface conditions when choosing their securities, or in other words, were they less ignorant as to the proofs required of worthy investments.

Most investors are willing to assume a reasonable degree of risk in the hope that their principal invested may be increased. There are today, and for years to come there will be, in this country and in Canada, abundant opportunities offering for the safe and profitable investment of money. I believe that the average investor, who invests for the most part in bonds, does not receive from his investments the income return and profit to which he is entitled. He receives a very small benefit from the equities and profits which are created and are made possible only by the use of his money. For years to come the demand will be constant and ever increasing for capital wherewith to develop the resources of this country, and this demand should readily permit of the investment of capital safely, to return to the conservative investor not only an average income considerably higher than he is wont to receive, but also a larger profit.

"STEEL" AND THE TARIFF

Editor "Investments":

Sir: There is so much talk going on as to the possible reduction of the tariff that, as a holder of Steel common, I am beginning to get somewhat worried. Talking the matter over recently with a friend, the point was made that if the tariff on steel should be reduced by the next Congress, Steel stock would not be worth a ——. According to my way of looking at it, the tariff is going to be reduced. Do you think there is any cause for worry about the effect on Steel common? C. K. L.

REFERRING to the above, the best answer is probably contained in the remarks recently made by a prominent steel man to the editor of "Investments." "The officials of the Steel company," he said, "are not lying awake nights worrying over what is going to happen in case the tariff is reduced. In the first place, the extent to which our business depends on the protection afforded by the tariff is questionable; in the second place, it is doubtful if the tariff is going to be reduced; and in the third place, it is a good deal of a question whether such reduction would help or hurt us. Consider the fact that, on account of the conservative policy pursued by the Steel Corporation ever since its foundation, we have an enormous cash surplus and are in an infinitely stronger position to stand a set-back than any of our rivals. Should a reduction in the tariff lead to the bringing in of a lot of foreign-made steel, it would mean a whole lot more to the independents than it would to us. We should be able to stand it. They would not. Their loss would be our gain. There would be a ruction for a while, probably, but when the smoke all cleared away, we would be in a stronger position than ever. At least, that is the way it looks to me."

THE COPPER ACCUMULATION

Editor "Investments":

Sir: I am somewhat disturbed about some copper stock that I own. From what I can see, the accumulation of copper is going steadily on and the producers don't seem to be able to sell what they are taking out of the mines. What do you think of the copper outlook? C. N. D.

WHILE it is impossible in the limited space allotted here to go into any real discussion of the copper situation, we may say at once that the accumulation of copper which has been going on for so long and which is still going on is a dangerous feature in the situation, which can probably only be settled by some drastic movement. The intensely active business conditions of last Fall for a while cut into the accumulation of copper but did not seriously reduce the amount on hand. Now, we are running into a time when things are quieter again, and when real consumption is not what it might be, but production continues on the same or a larger scale—it seems to be the idea of the mine owners to dig as much copper out of the ground as they possibly can, regardless of whether they can or cannot sell it. As a result, the price of copper has fallen back almost to the low point made three years ago. If production is to continue at the present rate, it seems as though the price would have to fall back still further.

The copper situation looks so bad that it seems hardly possible that it can be as bad as it looks.

INVESTMENT NEWS AND NOTES

—Messrs. Bigelow & Company are at present offering at par the cumulative seven per cent. preferred stock of MacArthur Brothers Company, a contracting firm which during the eighty-four years of its existence has carried to a successful completion over $100,000,000 worth of public works.

The most notable among these, executed in whole or in part are:

Erie Canal for the State of New York, large portions; Chicago drainage canal, several sections; World's Fair Grounds, Chicago, and several of the buildings; Sault Ste. Marie Water Power Canal; Wachusetts Dam for the City of Boston; Katonah Dam for the City of New York; Ashokan Dam and Reservoir for the City of New York, and many thousands of miles of railroad comprised in the principal trunk lines of the United States and Canada.

During its entire history this company has never failed to meet an obligation or fulfill a contract.

The company has contracts, now on hand, amounting to over $22,000,000; and has under negotiation contracts approximating $30,000,000 more. The amount of this work, together with the promise of the future as evidenced by the number of great public works projected, have made desirable additional working capital, to handle the large share of these undertakings tendered. The company, therefore, authorized an increase of capitalization from $1,000,000 preferred stock and $2,000,000 common stock, to $3,000,000 preferred stock and $3,000,000 common stock.

The average annual net earnings $264,-269.17 for seven years have been over three and one-half times the amount required to pay the seven per cent. dividends on the $1,000,000 preferred stock, authorized and outstanding.

—The arrangement of the circular of investment offerings just put out by the Mercantile Trust Company of Saint Louis is about the best we have seen in a long time. First comes the list of bonds offered—divided into corporation and municipal—and arranged in the order of the yield they give. Following that come descriptions of each of the bonds, the essential features in every case being given.

The advantage of a circular arranged in that way is that it enables the investor quickly to see what it contains in the way of bonds in which he may be interested. He is interested in municipal bonds yielding, say, between four and one-half and five per cent. By looking at the part of the list containing bonds yielding about that amount, he is able to see almost at a glance if there is anything there which he would be likely to buy. If so, he has only to turn to the following pages and find a compact descripton of the bond which has attracted his attention.

The circular is one of the kind that bring business.

—From a rather close study of the service offered by the Financial Graphic Company it is our opinion that the installation of the service will go a long way toward taking the place of the cumbersome and expensive statistical departments now maintained by so many banks and bankers.

This is the age of specialization and concentration—of profiting by the experience and work of others. We get our political news out of one kind of a newspaper and our sporting news out of another. Everybody makes a specialty of something. To get the best we have to go to the man who makes a specialty of it.

The Financial Graphic Company is the very epitome of this idea. The aim of the service is to provide boiled down information —facts and figures which it would take anyone but an expert weeks and months to get at.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to June 20, approximate yield as figured July 1.]

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl, New York.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100¾-101	1.66
U. S. Gov., reg. 3s, 1918	101¾-102¼	2.60
Panama Canal, reg. 2s, 1936	100⅜-100¾	1.95
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr., '30	99 -102	3.37
Georgia 4½s, July, 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95 - 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	106½-107	4.10
New York City 4½s, 1917	102⅜-103	3.92
New York City 4s, 1959	99 -99½	4.01
New York City 4s, 1955	98½- 99	4.03
New York City 3½s, 1954	87½- 88¼	4.07
New York City 3½s, 1930	90 - 91½	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

[Corrected to June 20.]

Quoted by J. Hathaway Pope & Co.

Folowing are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98⅞- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅝- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96⅞- 97½	5.05
Diamond Match 5s, July, '12	98¼-100	5.00
Hudson Co. 6s, Oct., '11	98½-100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98⅛- 98⅝	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98½- 99¼	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15

Name and Maturity.	Price.	Yield.
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅜-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
St. L. & S. F. 5s, Apr., '13	96½- 97½	5.45
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	100 -100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s. Feb., 1912	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

[Corrected to June 20.]

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	66	73
Arkansas, Oklahoma & Western	5	8
Atlanta & West Point	165	180
Atlantic Coast Line of Conn	235	248
Buffalo & Susquehanna, pref	16	20
Central New England	13	18
Central New England, pref	23	28
Chicago, Indianapolis & Louisville	50	56
Chicago, Ind. & Louisville, pref	63	68
Cincinnati, Hamilton & Dayton	30	50
Cincinnati, Ham. & Dayton, pref	65	75
Cincin., N. O. & Tex. Pac	120	127
Cincin., N. O. & Tex. Pac., pref	103	107
Cincinnati Northern	50	65
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref	101½	105
Delaware	47	49
Des Moines & Ft. Dodge, pref	50	80
Detroit & Mackinac	55	..
Detroit & Mackinac, pref	85	95
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	27	35
Georgia, South. & Flor., 1st pref	95	..
Georgia, South. & Flor, 2d pref	73	77
Huntington & Broad Top	7	10
Huntington & Broad Top, pref	25	35
Kansas City, Mexico & Orient	20	25
Kansas City, Mex. & Orient, pref	25	30
Louisville, Henderson & St. Louis	14	18
Louisville, Hend. & St. L., pref	34	40
Maine Central	200	220
Maryland & Pennsylvania	15	21
Michigan Central	165	172
Mississippi Central	38	40
Northern Central	128	131
Pitts., Cin., Chic. & St. L., pref	107	115
Pittsburg & Lake Erie	300	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquete	27	34
Pere Marquette, 1st pref	54	60
Pere Marquette, 2d pref	34	40
St. Louis, Rocky Mt. & Pac., pref	..	45
Seaboard 1st pref	70	80
Seaboard 2d pref	40	45
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref	60	70
Texas Central	45	...
Texac Central, pref	76	...
Virginian	19	23
Vandalia	80	...
Williamsport & North Branch	1	3

GUARANTEED STOCKS.

[Corrected to June 20.]

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	300
Allegheny & West'n (B. R. I. & P.)	138	146
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	107	115
Beech Creek (N. Y. Central)	95	102
Boston & Lowell (B. & M.)	215	225
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	10	20
Boston & Albany (N. Y. Cen.)	210	230
Boston & Providence (Old Colony)	290	298
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	120	135
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	228
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	30	40
Christopher & 10th St. R. R. Co. (M. S. R.)	80	100
Cleveland & Pittsburg (Pa. R. R.)	170	176
Cleveland & Pittsburg Betterment	99	101
Columbus & Xenia (Pa. R. R.)	201	206
Commercial Union (Com'l C. Co.)	105	120
Commercial Union of Me. (Com. C. Co.)	110	...
Concord & Montreal (B. & M.)	160	170
Concord & Portsmouth (B. & M.)	165	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	185	193
Delaware & Bound B. (Phila. & R.)	193	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East. Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	260	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	150
Erie & Kalamazoo (J. S. & S.)	225	240
Erie & Pittsburg (Penn. R. R.)	140	160
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	134	140
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	250	260
Gold & Stock Tel. Co. (W. U.)	107	115
Grand River Valley (Mich. Cent.)	120	125
Hereford Railway (Maine Central)	85	92
Inter. Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	168	174
Kalamazoo, Al. & G. Rapids (L. S. & S.)	140	150
Kan. C., Ft. Scott & M. pfd. (St. L. & S. F.)	70	78
K. C. St. L. & C. pfd. (Chic. & Al.)	130	140
Lake Shore Special (Mich. S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	210	216
Little Schuylkill Nav. & Coal (Phil. & R.)	110	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	172
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	72	78
Mobile & Ohio (So. Ry.)	78	84
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	175	184
Nashville & Decatur (L. & N.)	184	190
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	155	165
North Pennsylvania (Phila. & R.)	198	203
North. R. R. of N. J. (Erie R. R.)	87	97
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	205	215
Ogden Min. R.R. (Cen.R.R. of N.J.)	96	102
Old Colony (N.Y.,N.H.&H.)	190	200
Oswego & Syracuse (D. L. & W.)	210	225
Pacific & Atlantic Tel. (W. U.)	66	75
Peoria & Bureau Val. (C.R.I.&P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts., Ft. Wayne & Chic. (Pa.R.R.)	168	173
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	162	170
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	120	130
Providence & Worcester (N. Y., N. H. & H.)	260	290
Rensselaer & Saratoga (D. & H.)	190	200
Rome & Clinton (D. & H.)	140	150
Rome, Watertown & O. (N. Y. Cen.)	118	125
Saratoga & Schnectady (D. & H.)	169	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	87	97
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	108	115
Troy & Greenbush (N. Y. Cent.)	168	176
Twenty-third St. R. R. (M. S. R.)	200	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	171	178
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	244	250
Valley of New York (D., L. & W.)	120	125
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

EQUIPMENT BONDS.

[Corrected to June 20.]

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York. Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4⅜
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅜
Buff. & Susquehanna 5%, Aug., '17	6	5
Canadian Northern .½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4½	4⅛
Ches. & Ohio 4%, Oct., '16	4⅝	4⅜
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5¼	4⅞
Del. & Hud. 4½%, July, '22	4¼	4⅛
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Erie 4%, Dec., '11	5¼	5
Erie 4%, June, '13	5¼	5
Erie 4%, Dec., '14	5¼	4¾
Erie 4%, Dec., '15	5¼	4¾
Erie 4%, June, '16	5¼	4¾
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	5	4¾
So. Ry. 4½%, Series E, June, '14	5	4¾

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to June 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	50	60
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock	....	120	135
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s..1914	J&N	99	100½
Col & 9th Av 1st 5s...1993	M&S	95	100
Christopher & 10th St	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	40	49
42d St M & St N Av 6s.1910	M& S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	95	98
Second Av Ry stock	....	8	15
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	50	58
Sixth Av Ry stock	....	120	135
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	70	85
Central Union Gas 5s..1927	J&J	99	101
Equitable Gas Light 5s.1932	M&S	102	105
New Amst Gas Cons 5s.1948	J&J	98½	100
N Y & E R Gas 1st 5s.1944	J&J	100	103
N. Y & E R Gas Con 5s.1945	J&J	95	98
Northern Union Gas 5s.1927	M&N	99	101
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s.. 1950	J&D	103½	106
Brooklyn Ferry Gen 5s.1943	....	24	27½
Hoboken Fy 1st Mtg 5s.1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	96½	98½
N Y & East River Fy	Q M	34	39
10th & 23d St Ferry	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	QJ	30	33
Union Ferry 1st 5s....1920	M&N	96	99

ACTIVE BONDS.

[Corrected to June 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	100	101
Amer. Steel Foundries 4s, 1923	65	70
Amer. Steel Foundries 6s, 1935	99	103
Balt. & Ohio. Southwest. Div. 4½s.	89	90
Bethlehem Steel 5s	86	88
Chi., Burlington & Quincy Gen. 4s.	98	98½
Chi., Burl. & Quincy Ill. Div. 4s.	94	95
Chi., Burl. & Quincy Ill. Div. 3½s.	87	88¾
Cin., Hamilton & Dayton 4s	96¾	97¼
Denver & Rio Grande Ref'ng 5s.	91	92
Louis. & Nashville unified 4s	97½	98
Mason City & Ft. Dodge 4s	81	83
Norfolk & West. Divisionals 4s	91	91¾
Savannah, Florida & Western 6s.	121	126
Va. Carolin Chem. 1st 5s	98	99
Western Maryland 4s	83	84
Wheeling & Lake Erie cons. 4s	79	80
Wis. Central, Superior & Duluth 4s	89	90
Western Pacific 5s	93	94

COAL BONDS.

[Corrected to June 20.]

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	79	80
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum. Coal 1st 4s, 1940.	8	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	93	95
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	99½	101
Monongahela River Con. Coal & Coll. Tr. 5s. 1947	95	97
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & coll. Tr. 5s, 1951	94	96½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co. 1st 5s. 1928.	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	90	93
Sunday Creek Co. Coll. Tr. 5s, 1944	60	65 .
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	88	92
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to June 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.)	95	99
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	76
Guanajuato Power & El. Co. Com.	30	33
Arizona Power C.., bonds 6%, due 1933	87	91
Arizona Power Co. pref.	44	50
Arizona Power Co. com.	21	23
Great Western Power Co. bonds, 5%, due 1946	93	96
Western Power Co. pref.	51	53
Western Power Co., com.	28½	29½
Mobile Elec. Co. bds., 5%, due 1946	88	93
Mobile Electric Co. pref. 6%	75	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co. pref., 6%	79	81
Amer. Power & Lt. Co. com.	45	46½

MISCELLANEOUS SECURITIES.

[Corrected to June 20.]

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F., com.	88	92
American Brake Shoe & F., pref.	123	126
American Brass	117	122
American Chicle, com.	215	220
American Chicle, pref.	102	105
American Coal Products	96½	99
American Gas & Electric, com.	42½	45½
American Gas & Electric, pref.	40	43
Adams Express	250	270
American Express	240	250
American Light & Traction, com.	279	284
American Light & Traction, pref.	102	106

	Bid.	Asked.
American District Tel. of N. J.	49	51
Babcock & Wilcox	100	104
Borden's Condensed Milk, com.	112	115
Borden's Condensed Milk, pref.	102	105
Bush Terminal	97	110
Conn. Ry. & Ltg., com.	74	76
Conn. Ry. & Ltg., pref.	78	83
Cripple Creek Central, com.	20	30
Cripple Creek Central, pref.	40	50
Del., Lack. & Western Coal	210	225
Du Pont Powder, com.	134	138
Du Pont Powder, pref.	84	88
E. W. Bliss, com.	120	130
E. W. Bliss, pref.	125	135
Empire Steel & Iron, com.	13	20
Empire Steel & Iron, pref.	72	77
Hudson & Manhattan, com.	18	20
International Nickel, com.	132	140
International Nickel, pref.	92	97
International Silver, com.	60	90
International Silver, pref.	110	113
Int. Time Recording, com.	140	160
Int. Time Recording, pref.	100	105
Kings Co. E. L. & P.	122	125
Lackawanna Steel	42	45
Oil Fields of Mexico	70	80
Pacific Gas & Electric, com.	53	56
Pacific Gas & Electric, pref.	84	87
Phelps, Dodge & Co.	195	215
Producers Oil	145	150
Royal Baking Powder, com.	185	195
Royal Baking Powder, pref.	104	107
Safety Car Heating & Lighting	126	129
Sen Sen Chiclet	120	125
Singer Manufacturing	660	670
Standard Coupler, com.	35	50
Texas Oil Company	205	210
Texas & Pacific Coal	100	104
Tri-City Railway & Light, com.	21	25
Tri-City Railway & Light, pref.	90	95
U. S. Express	100	105
U. S. Industrial Alcohol, com.	15	20
U. S. Industrial Alcohol, pref.	85	90
Union Typewriter, com	47	52
Union Typewriter, 1st pref.	105	110
Union Typewriter, 2d pref.	105	110
Virginian Railway	20	24
Wells Fargo Express	160	165
Western Pacific	15	20
Worthington Pump, pref.	105	109

FOREIGN AND MUNICIPAL BONDS.

[Corrected to June 20.]

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Gov. 3½s	92½	93½
German Gov. 3s	83¾	84¼
Prussian Consols 4s	101½	102½
Bavarian Gov. 4s	100½	101½
Russian Gov. 3½s	91¼	92¼
Saxony Gov. 3s	83	84
Hamburg Gov. 3s	82	83
City of Berlin 4s	100	101
City of Cologne	100	101
City of Augsburg 4s	99½	100½
City of Munich 4s	99¾	100¾
City of Frankfurt 3½s	91½	92½
City of Vienna 4s	96	97
Mexican Gov. 5s	100	101
Russian Gov. 4s	92	93
French Gov. Rente 3s	97½	98½
British Consols 2½s	81¼	82¼

BANK AND TRUST COMPANY STOCKS

[Corrected to June 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	170	180
Amer. Exchange Nat. Bk.	10	235	245
Audubon Bank	..	115	125
Bank of America	26	600	640
Bank of the Manhattan Co.	12	325	337
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	320	330
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	115	...
Bowery Bank	12	380	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	..	140	150
Century Bank	6	160	175
Chase National Bank	6	435	...
Chatham National Bank	16	320	...
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	435	450
Citizens Central Nat. Bk.	6	155	162
City Bank	..	400	410
Coal & Iron Nat. Bank	6	145	155
Colonial Bank	10	390	...
Columbia Bank	12	320	350
Commerce Bank	..	210	215
Corn Exchange Bank	16	320	330
East River Nat. Bank	6	110	125
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	880	900
Fourteenth Street Bank	10	...	155
Fourth National Bank	8	185	190
Gallatin National Bank	14	330	350
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	450	...
Germania Bank	20	500	...
Greenwich Bank	10	250	265
Hanover National Bank	16	620	640
Importers' & Traders Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	165	185
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Manhattan Co.	..	330	345
Market & Fulton Nat. Bk.	12	250	260
Mechanics & Metals Nat. Bank	12	255	265
Mercantile Nat. Bank	6	150	165
Merchants Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	170	180
Metropolis Bank	..	390	410
Metropolitan Bank	8	200	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	260
Nat. Bk. of Commerce	8	210	215
Nat. Butchers & Drovers'	6	133	145
National City Bank	10	375	485
National Park Bank	16	325	340
National Reserve Bank	..	100	110
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	..	320	330
N. Y. Produce Ex. Bank	8	165	175
Night & Day Bank	..	...	230
Nineteenth Ward Bank	..	...	270
Northern Bank	6	...	100
Pacific Bank	8	230	240
Park Bank	..	460	470
People's Bank	10	260	285
Phenix National Bank	6	190	205
Plaza Bank	20	625	...
Seaboard National Bank	12	390	...
Second National Bank	12	375	...
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	10	165	180
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	350	370
Bankers' Trust Co.	16	650	675
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	...	130
Central Trust Co.	45	1000	1030
Columbia Trust Co.	8	290	300
Commercial Trust Co.	..	110	125
Empire Trust Co.	10	300	310

	Div. Rate.	Bid.	Asked.
Equitable Trust Co.	24	...	490
Farmers' Loan & Trust Co. (par $25)	50	1725	1775
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	840	860
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	170	...
International Bank'g Corp.	..	90	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	305	315
Lawyers' Mortgage Co.	12	240	250
Lawyers' Title Insurance & Trust Co.	12	275	285
Lincoln Trust Co.	..	130	150
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	535
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	240	260
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	...	205
New York Trust Co.	32	640	660
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	475	490
Trust Co. of America	10	340	352
Union Trust Co.	50	1325	1360
U. S. Mtg. & Trust Co.	24	470	480
United States Trust Co.	50	1200	1225
Van Norden Trust Co.	..	...	210
Washington Trust Co.	16	365	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	110	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	225
Fourth National Bank	7	173¼
Merchants National Bank	10	274
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	370
National Union Bank	7	204
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127⅛
People's National Bank, Roxbury	6	122½
Second National Bank	10	265
South End National Bank	5	104½
State National Bank	7	182
Webster & Atlas National Bank	7	185
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	749
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	315	...
Commercial National Bank.	8	242	244
Continental National Bank.	10	...	295
Corn Exchange Nat. Bank.	16	414	418
Drovers Deposit Nat. Bank.	10	223	229
First National Bank	16	420	...
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank.	8	208	211
Live Stock Exchange Nat. Bank	10	220	228
Monroe National Bank	4	130	134
Nat. Bank of the Republic.	8	199	203
National City Bank	6	200	212
National Produce Bank	4	137	140
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	109	114
Austin State Bank	10	280	...
Central Trust Co	7	158	161
Chicago City Bank	10	174	180
Chicago Savings Bank	6	143	147
Citizens Trust Co.	4	100	111
Colonial Tr. & Sav. Bank.	10	196	201
Drexel State Bank	6	150	155
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	112	116
Farwell Trust Co.	6	119	123
Hibernian Banking Assn.	8	198	202
Illinois Tr. & Sav. Bank	20	505	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	134	138
Lake View Tr. & Sav. Bk.	5	135	138
Merchants Loan & Tr. Co.	12	416	425
Metropolitan Tr. & Sav. Bk.	6	120	122
Northern Trust Co.	8	320	323
North Avenue State Bank.	6	133	139
North Side State Bank	6	125	...
Northwest State Bank	4	114	118
Northwestern Tr. & Sav. Bk.	6	138	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank.	8	158	...
Railway Exchange Bank	4	125	...
Security Bank	6	168	171
Sheridan Tr. & Sav. Bank	6	112	114
South Chicago Sav. Bank.	6	145	149
South Side State Bank	..	132	150
State Bank of Chicago	12	334	337
State Bank, Evanston	10	278	...
Stockmen's Trust Co.	5	113	115
Stock Yards Savings Bank	8	...	215
Union Bank	6	127	130
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank	..	160	...
Western Trust	6	153	156
Woodlawn Trust	8	135	140

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

VIRGINIA BANKERS HOLD ANNUAL CONVENTION

OLD POINT COMFORT entertained the seventeenth annual convention of the Virginia Bankers' Association on Thursday, Friday and Saturday, June 9, 10 and 11.

The sessions were of exceeding interest and well attended, there being a goodly sprinkling of out-of-the-state bankers, present. Some of those present from a distance were: J. D. Ayres, the newly elected vice-president of the Bank of Pittsburgh, Pittsburgh, Pa.; Wm. McK. Reed, assistant cashier of the First National Bank, of Pittsburgh, Pa.; H. S. Zimmerman, assistant cashier of the Mellon National Bank, of Pittsburgh, Pa.; F. J. Woodworth, vice-president First National Bank, of Cleveland, Ohio; J. A. Ward, assistant cashier of the Cleveland National Bank, of Cleveland, Ohio; Arthur H. Titus, assistant cashier National City Bank, of New York City; Alex. D. Campbell, assistant cashier Hanover National Bank, New York City; Leslie M. Shaw, president First Mortgage Guarantee and Trust Company, Philadelphia, Pa.; Charles W. Warden, president of the United States Trust Company, of Washington, D. C.; Snowden Hoff, assistant cashier of the Third National Bank of Baltimore, Md.; and F. V. Baldwin, of New York.

Many speeches of interest to the delegates were delivered, among them the address of Secretary N. P. Gatling, in the nature of his annual report, another by George Bryan of Richmond, attorney for the association.

Robert E. James, president of the Easton Trust Company of Easton, Pa., addressed the convention on the negative of the central bank question, maintaining that the present baking system is the best obtainable. Prof. Royal Meeker, of Princeton University, upheld the central bank.

As part of the entertainment features, the delegates and visitors took a trolley ride to Newport News and inspected the shipbuilding yards.

After the Boat Ride

J. W. Miller, cashier of the Peoples Bank of Pulaski, was elected president of the association, succeeding Henry A. Walker of Staunton, who was presented on his retirement with a silver loving cup.

The other officers elected were: Vice-presidents, E. P. Miller, president of the First National of Lynchburg; Tench F. Tilghman, vice-president of the Citizens Bank of Norfolk; W. M. Addison, cashier of the National Bank of Richmond; R. G. Vance, vice-president of the First National of Waynesboro; J. W. Bell, president of the First National of Abingdon; secretary, N. P. Gatling, cashier of Eagle Rock Bank; treasurer, Julian H. Hill, assistant cashier of the National State Bank of Richmond.

Retiring President Henry A. Walker, of Staunton

Heyward E. Boyce, of Baltimore, "chinning" with Mrs. Leopold Marshall von Schilling

A. D. Graham, of Baltimore, relating a funny (?) story

Mr. and Mrs. W. M. Addison, of Richmond

Secretary Gatling resting

A jolly party in front of the Chamberlain

Three Pittsburgh Bankers—H. S. Zimmerman of the Mellon National; Wm. McK. Reed of the First National, and J. D. Ayres of the Bank of Pittsburgh

From left to right: Alex. D. Cambell, Asst. Cashier Hanover National of New York; Robert E. James, President Easton (Pa.) Trust Co.; C. F. Shaw, Jr., of the Fourth National of Philadelphia

P. M. Pollard, Cashier Petersburg Savings and Insurance Co., and A. D. Graham, Vice-President and Cashier Citizens National Bank of Baltimore

ENGINEERING AND COMMERCIAL SKILL APPLIED TO THE OPERATION AND MANAGEMENT OF PUBLIC SERVICE CORPORATIONS

THE operation of gas, electric and street railway properties in the United States is comparatively a new business. The use of gas for fuel and lighting purposes is something more than one hundred years old, yet for most of the United States it is less than half this age. The first electric plant was built in 1882. Application of electricity for motive power is still younger.

Up to the last decade the pressing need for expert engineering and commercial skill in the operation and management of these branches of public utilities was not generally recognized. Local business men who had made successes out of their respective callings were usually not only the owners, but the active managers of the plants. What they knew about gas, electricity and transportation was only such knowledge as they were forced to acquire in order to carry on the business. As a natural result many utility properties failed to pay and not a few lost money.

PHOTO BY MATZENE

Henry M. Byllesby

Expert Service Needed.

It has been abundantly demonstrated that the success of public utility corporations purveying gas and electric service and urban transportation depends very largely upon the character of the management. It was recognized quite a number of years ago that the successful operation of these industries required the close application of experienced specialists.

As a natural sequence, organizations came into existence predicated on the theory of expert attention. There are several organizations of this type now performing valuable functions for the public, the banker, the capitalist and the small investor.

So far their careers have shown the theory upon which they proceeded to be correct.

Among the organizations of this charac-

ter, H. M. Byllesby & Co. is notable both for the large number of properties under its direction and the great success that has attended its operations.

It is believed that an outline of the Byllesby organization cannot fail to be of interest to anyone concerned with public utilities, and particularly to the banker who makes loans on the securities based upon this form of property and to the investor who buys them.

An Organization of Engineers.

The firm is primarily an organization of engineers specializing in the design, construction, operation and management of public utility properties. Its home office is at Chicago and it has branch offices at Portland, Ore., San Diego, Cal., Oklahoma City, Okla., and Mobile, Ala.

By combining the general management of a number of properties in cities of less than 100,000 population, it has been found possible to pay the high salaries necessary to obtain technical and commercial ability truly responding to the term "expert." Specialists should be employed in lines of business where specialization is absolutely essential, owing to the exacting professional demands. All this Byllesby & Company has done, and the results achieved in the operation of the numerous public utility properties under its control is proof of the wisdom of the plan.

Application of Modern Methods Illustrated.

As an illustration of what the application of modern methods has accomplished, figures taken from the records of the Oklahoma Gas & Electric Company, Oklahoma City, Okla., are in point. Byllesby & Company took over the management of the Oklahoma City properties in 1904, and the following facts indicate the rapidity of development:

	1904.	1910.
Capacity Electric Station	700 kilowatts	3,650 kilowatts
Mileage Electric Distribution System	20 miles	121 miles
Mileage Gas Mains	13 miles	109 miles
Number Electric Customers	1,400	6,301
Number Gas Customers	577	7,296

Although Oklahoma City has grown very rapidly during this time, the increase in the population shows nothing like the percentages in the growth of the gas and electric business. During 1909 alone the number of electric consumers at Oklahoma City increased fifty per cent. and the number of gas consumers thirty-five per cent., although during the year the growth in population could hardly have exceeded 15,000 people.

At San Diego, Cal., and in the other properties managed, the results of the Byllesby management are quite as striking.

At the present time the electric street railway, gas and electric properties which the organization controls are serving some forty-five cities and towns throughout the West and South. Various properties have their separate corporate organizations, but all are under the direct control and supervision of the central directing force in the home office.

Scope of the Firm's Operations.

As outlined by Mr. Byllesby, in his address at the last annual convention of H. M. Byllesby & Co. and affiliated companies, the business of the firm embraces the following main features:

(*a*) Making examinations and reports, audits, and appraisals of utility properties for banks, corporations and individuals.

(*b*) The managing of local utility properties.

(*c*) Acting as consulting engineers and the designing and superintending of all classes of engineering work.

(*d*) Dealing in stocks and bonds of local utility properties. The purchase and sale of such properties and from time to time their refinancing.

Relations to Banks and Investors.

The relation of Byllesby & Company to banks, financial houses and investors is one comprising several capacities. In the first place the firm stands as a source of expert knowledge, whose opinions on public utility questions are rendered with great care and only after exhaustive investigation. Secondly, the firm represents a conserving force, exerting an influence for stability upon the properties trusted to its management. In the third place, the Byllesby organization represents the highest type of engineering skill, this meaning that properties operated are constructed and maintained according to the best standards. Lastly, H. M. Byllesby & Company has proven that it possessses the commercial ability not only to make public utility properties profitable to the investor, but to so manage these properties as to please and satisfy the public.

High Standard Maintained.

This organization is one which believes that the responsibilities laid upon organizations of the class to which it belongs are ethical and binding to the highest degree. It conceives itself in the attitude of a physician or lawyer, answerable to its clients for the wisdom of its opinions and morally

liable to redeem its statements by full and complete performance. Conforming to this attitude, the firm has been extremely conservative and cautious in all of its relations with investors.

Modern and Progressive Methods Followed.

The leaders in public utilities for some years have agreed that broader methods must be adopted in dealing with the public if utility properties are to be maintained on a secure and profitable basis. H. M. Byllesby & Company stands for modern ideas and for progressive methods in public utility operations. It believes there is no excuse whatever for unfair or crooked work in public utilities, but that investment in such enterprises should be permanent and secure.

Fair Treatment of the Public.

In order to insure the security of capital invested in utilities Byllesby & Company believes that efficient and adequate service must be given at the lowest rates consistent with sound management. The history of the firm in the various cities in which it is interested is distinguished by the following characteristics:

Reductions in the price of service.

Great improvement in the quality and scope of service.

Full faith in the city.

The heavy investment of new capital.

Great improvements in the physical property.

It is a fixed principle of the organization to coöperate with other commercial interests and with the public toward the healthy development and growth of communities. Obviously the gas and electric company can grow only as the city grows. Therefore the utility company must do its utmost toward making conditions attractive for industrial enterprises and for residence.

This policy of entering heartily into the community affairs of cities has proven to be highly desirable. The Byllesby companies display an eagerness to join in all plans calculated to benefit local conditions and believe thoroughly in the merits of frank dealing with the public.

Probably no group of utility companies in the United States has expended more effort and money in the much-needed work of educating the people to a true conception of the modern public service corporation than have the Byllesby companies. As a result the public is found to be both enlightened and friendly toward the operating organizations, freely bestowing the commendation due highly efficient service and admitting that the prices charged are reasonable.

New business departments are maintained for the express purpose of studying the exact needs of the consumers and the public generally, and to devise ways and means of meeting these demands so that advantages will accrue to both consumer and company.

The operation of a utility company necessarily has to satisfy both the investors on one hand and the public on the other. That this can be accomplished thoroughly and well has been proven by the success of the Byllesby organization and the confidence it has inspired among bankers and investors.

AMERICAN INSTITUTE OF BANKING—EIGHTH ANNUAL CONVENTION

THE eighth annual convention of the American Institute of Banking, held at Chattanooga, Tenn., June 8, 9 and 10, proved to be the most important and best attended one in the history of the organization. Three days were devoted to the various sessions, including outings and entertainments for the enjoyment of the young bankers. Two or three business sessions were held daily and many speeches were made of general and local interest.

President N. D. Alling, of the Nassau Bank, New York City, presided over the various business sessions. Mr. Alling's address and that of J. W. Burns, of the protective department of the American Bankers' Association, took up the greater part of the first session, of which the remainder was devoted to routine business. In the afternoon of the first day the young bankers visited the National Military Park, and in the evening danced at the Country Club.

Edward B. Vreeland, of the National Monetary Commission, addressed the convention on the morning of the second day. F. O. Watts also made a speech, and two prize papers were read on the central bank question. The delegates then took up for discussion a number of topics of current interest.

In the evening of the second day (Thursday) there was a special session to hear the papers in the Chapman contest, the prize being awarded by Joseph Chapman, Jr.

On Friday morning there was an address by Logan C. Murray, president of the American National Bank of Louisville, Ky., after which the annual election was held. It resulted as follows:

President, Ralph H. MacMichael, of the Mellen National Bank of Pittsburgh; vice-president, L. C. Humes, of the First National Bank of Memphis, Tenn.; secretary, C. H. Marston, of Boston, Mass; treasurer, R. J. Taylor, of Savannah, Ga.

New members of the executive council elected: Herbert H. Owens, of Baltimore; George A. Brown, of Denver; Harry F.

Pratt, of Cleveland, O., and H. J. Mergler of Cincinnati.

George E. Allen was re-elected educational director.

Of the eighteen prize essays submitted, the first prize was awarded to J. E. Rovensky, of the First National, Pittsburgh, and the second to A. M. Dickinson of the Chattanooga Savings Bank. Among the prominent men who addressed the convention were: Logan C. Murray, president American National, Louisville; Chas. M. Preston, representing the Tennessee Bankers' Association; F. O. Watts, president of the First National of Nashville, and vice-president of the American Bankers' Association; Hon. Edward B. Vreeland, vice-chairman of the National Monetary Commission and chairman of the committee on banking and currency of the National House of Representatives; Secretary Farnsworth of the American Bankers' Association and others.

Rochester, N. Y., was awarded the 1911 convention.

PHOTO BY PIRIE MACDONALD, N. Y.

CHARLES HAMILTON SABIN

Newly Elected Vice-President Guaranty Trust Company of New York

CHARLES HAMILTON SABIN, a vice-president of the Mechanics and Metals National Bank of New York, was on June 22, elected vice-president of the Guaranty Trust Company of New York, to succeed Charles H. Allen, the new treasurer of the American Sugar Refining Company. Mr. Sabin was born in 1868 in Williamstown, Mass., and was graduated from the Greylock Institute in 1885. For two years he was in the flour commission business in Albany and the rest of his life since then has been devoted to banking.

He became a clerk in the National Commercial Bank of Albany in 1887 and afterward took higher positions with other institutions in that city. In 1902 he was made vice-president and general manager of the National Commercial, which had been enlarged. In May, 1907, he was called to New

York to become president of the National Copper Bank, and he built that institution up rapidly. Several months ago, when the National Copper was absorbed by the Mechanics and Metals, Mr. Sabin was taken into the latter institution as vice-president. He was president of the New York State Bankers' Association in 1904.

AMERICAN BANKERS' CONVENTION

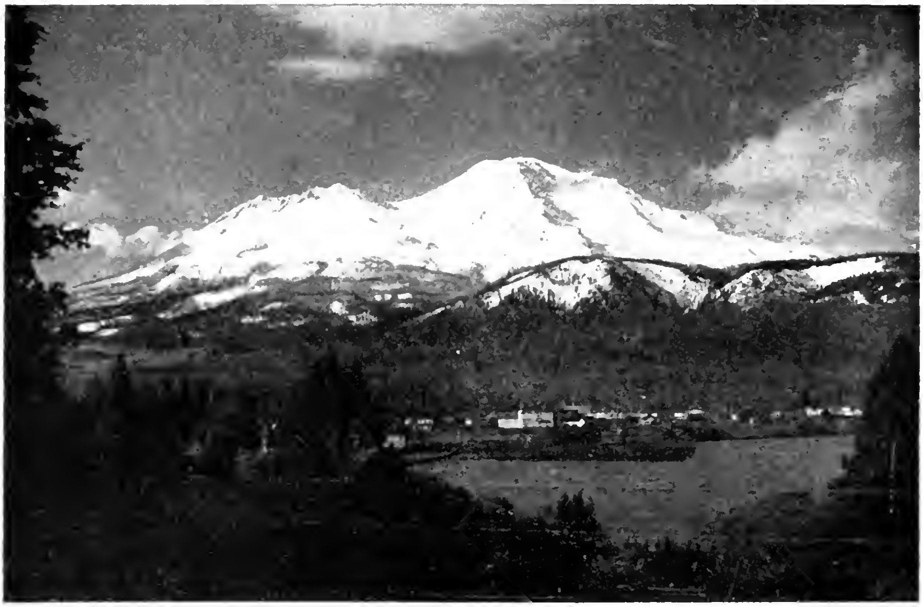
TOUR OF THE EASTERN AND SOUTHERN BANKERS

FOLLOWING its custom for several years past, the New York State Bankers' Association, through its committee on transportation and arrangements, has arranged for a special tour to the Thirty-Sixth Annual Convention of the American Bankers' Association, which will be held at Los Angeles, California, October 3 to 7. Bankers from all sections of the country, and from the East and South especially, have been invited to join in this delightful tour.

Gentlemen's Club Car

The special train bearing the bankers will leave New York over the New York Central Lines, Monday, September 26, arriving at Chicago the following afternoon. From Chicago to Kansas City the Chicago, Milwaukee and St. Paul will be used, and for the remainder of the journey to Los Angeles the Atchison, Topeka and Sante Fe. Arrangements have been made for visiting all the most desirable attractions en route, including the famous Grand Canon of Arizona. The special train will arrive at Los Angeles on the evening of October 2, where the convention will be in session from October 3 to 7, with headquarters at the Alexandria Hotel.

Leaving Los Angeles over the Southern Pacific for the return journey on the morning of October 8, stops will be made at Santa Barbara, Paso Robles, Hotel Del Monte, Santa Cruz, the gigantic redwood forests, and San José, arriving at the New Palace Hotel on Tuesday morning, October 11, leaving there over the Shasta Route the following morning, stopping at Shasta Springs, and arriving at Portland, Oregon, Friday, October 14. In the afternoon the special will leave over the Northern Pacific for Seattle, Washington, arriving there about 8.30 the same evening. About 11 o'clock on the evening of October 15 the train will start for Vancouver, B. C., arriving there the following morning. Turning eastward over the Canadian Pacific the special train will leave Vancouver at noon on Saturday, October 16, stopping at Bauff Hot Springs and the other principal points of interest in the Canadian Rockies. Leaving Bauff at 6.25 P. M. on October 18, St. Paul and Minneapolis will be reached at 10.30 A. M., October 20. Leaving St. Paul at 6.30 on that date, via the Chicago and Northwestern, direct connection will be made at Chicago with the New York Cen-



Mount Shasta, near Sissons

tral Lines for the return to New York arriving there about 10 A. M. Saturday October 22, after having travelled a distance of 8,196 miles.

The special will be a counterpart of the world-famous Twentieth Century Limited. The highest grade of Pullman equipment will be assigned—drawing-room and open section sleeping cars; state room, observation and dining cars; the drawing rooms accommodate three persons, and staterooms, two persons, each room containing complete

Grand Foyer, Hotel Alexandria, Los Angeles

toilet conveniences. A combination buffet-smoking-library car, with barber shop and bath, will be known as the Gentlemen's Club Car, and the observation car will be known as the Ladies' Club Car, in which will be placed an upright player-piano. There will be a stenographer in the observation car whose services will be free to members of the party.

The entire train will be electric-lighted and there will be individual electric reading lamps in each drawing-room, stateroom and section. Sunray water will be served with the compliments of Mr. Milton C. Roach.

To insure the prefect carrying out of every detail of the trip and assure the members of the party personal attention Mr. G. W. Higgins, passenger agent of the New York Central Lines will accompany the special on the entire trip.

The scenic attractions of this tour will be the equal of any offered on the American Continent, and the equipment and arrangements, together with the social advantages offered will combine to make this a most delightful trip. The cost of the tour is inclusive of all necessary expenses except hotel accommodations at Los Angeles.

Those desirous of joining the tour should promptly send their names to Chas. Elliot Warren, chairman, committee on transportation and arrangements, Lincoln National Bank, New York City, or to M. L. Vosburgh, assistant general passenger agent, New York Central Lines, 1216 Broadway, New York City.

GOLD OUTPUT AND PRICES

1600 Hamilton Street,
Philadelphia, Pa.,
June 16, 1910.

Editor Bankers Magazine:

Sir: I notice in the *Iron Age* of this date a synopsis of a report of the Massachusetts committee on "Increased Cost of Living," taken from advance sheets, in which the "primary cause" is didactically stated to be the increased production of gold, this having had the effect of decreasing its value and thus impairing its value as the standard of values. I regard this as a fallacy, which appears to be spreading rapidly, and it seems unfortunate, for if implicit confidence in the stability of the practically universal standard of values is destroyed a readjustment of business laws and customs must follow, sooner or later, accompanied by great disturbance, if not panics.

In 1906 I gave an address before a scientific association on "Recent Progress in Metallurgy," in which I referred to the large increase in production of gold. To my surprise I received letters from strangers, who had read extracts in daily papers, asking my opinion as to the probable effect upon gold as a standard of values. I devoted some time to a study of the question and embodied my conclusions in a brief paper on "The Increasing Production of Gold and Its Relation to the Standard of Values," which appeared in *Cassier's Magazine*, New York, March, 1907, the editor having asked me for a contribution.

The circulation of this magazine is chiefly among mechanical engineers, and I suppose my paper was not seen by financiers to any extent.

The fact that some articles have declined in price, while others have risen, and that there has been no uniform change and no commensurate rise in prices in many European countries, compared with this country, seems to me evidence of the fallacy of this idea. A. E. Outerbridge, Jr.

FOREIGN EXCHANGE

It was conceded in many quarters that the foreign exchange market is abnormally low for this time of year and not justified by conditions. It is argued that the bulk of our exports of this year's crops is practically over, so that not much material influence can be derived now from lower prices.

Money and stock market considerations will exercise the greatest influence in foreign exchange in the immediate future. The former at present undoubtedly is in favor of this market, but the latter is a factor upon which it is not so easy to base calculations. English politics are likely to be kept in an unsettled state for some time after the present election, in which case heavy buying of securities in this market on the part of English investors cannot yet be safely counted upon as an influence making for lower exchange.

BANK COUNTER ROBBER

An Englishman named Galoway was arrested in Paris on the sixth of last February for an ingenious crime. He was well dressed and carried a gold-headed cane, and was caught pocketing £800 in bank notes which did not belong to him. For some time past the Paris police had been trying to find out how large numbers of bank notes disappeared from the counters of several banking establishments in Paris. The notes always vanished as the clerk was counting them, and their disappearance was the more remarkable as no stranger was ever noticed near the bundle. But on the sixth of February two detectives noticed a man at a desk several yards away from the clerk who

was counting notes. Apparently he was very busy with some calculations, and on the desk lay his gold-knobbed cane, with the ferrule under Galoway's hand. The detectives were surprised to notice a spring issue from the gold handle of the cane and tuck itself into the band round a parcel of notes which were then quietly drawn towards Galoway.—*Bankers Magazine of Australia.*

OFFICIAL CHANGES IN CORN EXCHANGE NATIONAL BANK OF PHILADELPHIA

CHARLES S. CALWELL, the well-known cashier of the Corn Exchange National Bank of Philadelphia, has been promoted to the office of first vice-president, to succeed Wm. W. Supplee, who is retained as second vice-president and chairman of the board. W. N. Willits, Jr., becomes cashier and is replaced as assistant cashier by Newton W. Corse. The announcement of these important changes has been received with expressions of approval everywhere.

Mr. Calwell is a native Philadelphian and came to the Corn Exchange National in 1891 in the capacity of an assistant to the receiving teller.

His advancement from one department to another, and from the position of cashier to that of cashier and vice-president, and first vice-president, has been rapid, and due solely to his natural aptitude for the work of banking.

As first vice-president he will be enabled to put forth more strenuous efforts in behalf of the institution he has been serving so faithfully and thereby strengthen its present high standing.

CHARLES S. CALWELL

Who has succeeded Wm. W. Supplee as First Vice-President of the Corn Exchange National Bank of Philadelphia

Steamship Spokane in Taku Bay

A TRIP TO ALASKA AND BRITISH COLUMBIA

By William Heyl Raser

A CRUISE through the inland waters of Alaska, may be made in these days with as much comfort and enjoyment, if not quite as luxuriously, as a cruise through the Fjordes of Norway; and to view the scenic wonders of this great northwest region, and to see and study at close range the ethnology of its aboriginal people, is even more instructive and interesting.

Beginning the Journey.

Taking passage by the S. S. Spokane of the Pacific Coast Steamship Company in the month of June, we steamed out of the harbor of Seattle and up Puget Sound, the bustling and rapidly growing city gradually receding from view, and with the picturesque shores of Washington State on our right, and the majestic snow-capped Olympic range rising to lofty heights fringing the horizon on our left, the scene was an enchanting one, as the glowing red sun sank from view over these titanic peaks.

The Capital of British Columbia.

On awaking next morning we found our steamer moored at the dock at Victoria, Vancouver Island, the capital of British Columbia. Tally-ho coaches were drawn up at the dock to take us on a sight-seeing tour through the city and its environs; embracing many beautiful streets and a large and handsome public park. The provincial capitol building is quite imposing, and its architectural lines would attract attention in any of the greater cities of the East, or of Europe.

Our first impression of the city was that it seemed to be more really English in character and appearance than any other place we had seen in the British American possessions, not even excepting Toronto, which is conceded by many to be decidedly more English than American in its general characteristics, and the reason probably is, that a large contingent of the population of Victoria is made up of retired officers of the army, navy and civil service of England, who with their families have been drawn there by favorable climatic conditions and the comparatively lower cost of living, and have stamped the impress of old England upon the home of their adoption.

Being the capital, Victoria is, socially speaking, more preëminent and aristocratic, it is said, than its sister city of Vancouver on the Mainland just across Puget Sound; the latter, however, being the larger and commercially more important place.

Continuing the Northward Journey.

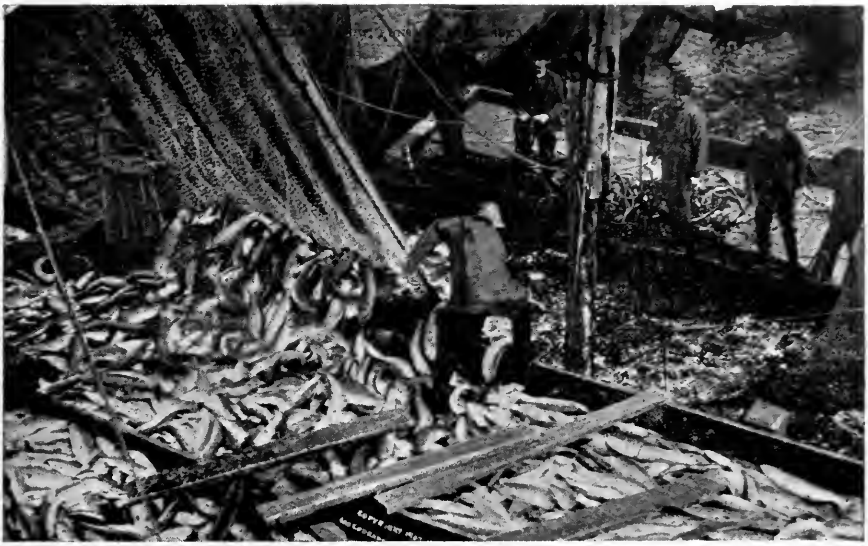
From Victoria the prow of our ship was again turned northward through British waters, with the mountainous shore of Vancouver Island on our left for the rest of the day, and on our right a succession of beautiful verdure-clad and thickly-wooded islands, with many picturesque bays or

Metlakatla, Alaska, built entirely by Indians, showing Father Duncan's Church

small arms of the sea indenting the British Columbia shores. Thus we proceeded for two full days, never but once striking the open sea, which we did at the head of Vancouver Island, but only for three or four hours, so that few if any of the ship's passengers suffered from the effects of mal de mer; not indeed until our return trip, when we crossed this same stretch of open sea, with a high wind athwart our beams, Father Neptune stirred up a little commotion, and some of the less hardy of our company paid him tribute. But no one contemplating the Alaska cruise need fear seasickness as an obstacle to his or her enjoyment, for at most it will be but a passing cloud. Fogs, however, are often prevalent, and cause disappointment by shutting out from view some of the loftier mountains and finest scenic beauties of the cruise. But we were fortunate in that we had very little fog during the entire fortnight we were on board, and from what we learned, believe that the best chances for continued good weather are in the earlier cruises, *i. e.*, in June or the first part of July; for later in the summer the fogs are apt to prevail to a greater extent.

Sir Donald Glacier, B. C.

The Spokane may truthfully be termed a pleasure yacht, being of small tonnage and light draft, she is able to steam into comparatively shallow waters and get in to many interesting points that a larger boat could not reach; and she does no other business than to make these summer cruises, having been built solely with that object in view, carrying no freight other than her own supplies, nor any passengers other than those booked for the cruise. Her staterooms are comfortable and well appointed; the service good and the table quite as bountifully supplied as on most trans-Atlantic liners.



Landing a Salmon Catch—Alaska

An Interesting Alaskan Town.

The third day out from Seattle we crossed the international boundary, and entering Clarence Strait were again in American waters, and soon reached Metlakatla, Alaska, a purely Indian Settlement, but one in a very advanced stage of civilization, numbering some 2,000 souls, with a sort of communal or paternal government, presided over by the Rev. Wm. Duncan, a hale Scotch Presbyterian, who with his family are the only white people living in the settlement. Father Duncan—as he is affectionately called by his community—literally taking his life in his hands, and against the protests of his friends, went among the Siwash Indians more than forty years ago, when they were blood-thirsty savages in their feuds with other tribes, practicing cannibalism in their rites of war and religion, much as did the early Aztecs in Mexico. Not without great peril to himself on many occasions he finally succeeded in winning the hearts of these savage people, and has christianized and civilized them in a surprising and truly practical way, so that now they are a well organized community with a large church, town hall, school houses, a large fish cannery, saw mill and other industries, and with a well administered civil government. Most of the present generation read and write, and all children must attend school. They live in well-constructed houses, lining clean and orderly streets. They dress and act like their white brethren, and labor is recognized as the good and profitable portion of life.

This wonderful change in the condition of a savage people his been brought about by the good sense, courage and untiring zeal of one man under most discouraging earlier conditions. Father Duncan is now nearing four score, but is still ruddy and hearty.

Totems at Fort Wrangel, Alaska

Arrival at Ketchikan.

Several hours further sailing to the northward brought us to Ketchikan, an old Indian settlement with an enterprising American annex, which has sprung up in the past decade or two. The American town numbers about 2,000 population, with probably half as many comprising the squalid Indian village adjoining. These Indians live mainly by fishing and carrying to the mining camps in the interior country. They are semi-civilized, not comparing favorably with Father Duncan's community.

The Indian section of Ketchikan has a number of interesting totem poles, and these were the first specimens of this singular Indian architecture that we saw. There were none at Metlakatla, where the people in their enlightenment have got beyond the totem-pole era, though they still use their family and tribal symbols, such as a bear, a bird or a fish, on marble tombstones in their burying-grounds.

Modern Ketchikan is a thriving American frontier town, with extensive fish canneries, saw mills, etc., and is an outfitting place for the miners of the inland country. It has a number of good stores, one or two fair hotels, churches, schools, a creditable public library and well organized law courts, is in fact, a self-respecting, law-abiding American community, enjoying many of the luxuries and refinements of life, such as electric lights, telephones, steam heat, open plumbing and porcelain bath tubs; and claims to have one of the best public water supply systems to be found anywhere.

Taku Bay Icebergs

A Deserted Indian Village.

Steaming on Northward through Clarence Strait, we arrived in a few hours at old Kasaan, the deserted totem pole village. Here are clustered probably more totems than at any other point in Alaska; by actual count over sixty large ones, to say nothing of numerous smaller ones in the adjacent burying ground. The village comprises a goodly number of fairly well built, one-story, wooden shacks, but all are deserted and in a state of dilapidation and decay. Each house has one or more totems in its front yard, some at the sides and rear of the buildings, and planted along what was once a street or highway, now overgrown with rank weeds.

It is some years since the village was deserted by its tribe. Various stories are current as to the reason; the one generally accepted is that an epidemic of small pox carried off so many of the tribe in a short space of time, that the survivors, believing the place to be bewitched, or under the ban of the Great Spirit, hurriedly moved away, leaving many of their lares and penates behind, as the quantity of broken crockery, rusting utensils, and crude furnishings within the houses will attest. These houses comprise but one large room, with bunks and shelving around the four sides, the fireplace in the centre, with an

opening in the roof just above it, one doorway and few or no windows. The bright colors of the totems are pretty well faded out; but though weather-beaten, they are mostly in sound condition, being carved out of cedar and such other woods as best resist decay.

Significance of the Totem Poles.

The totem poles of Alaska and British North America are a matter of curious interest to the traveler. They are the traditions of a primitive people, graven in wood, illustrating their social condition, a sort of heraldic symbol of tribal and family life and legendary lore, easily read among the tribes of this far north country. Prominent among the symbols depicted on totems are the bear, the wolf, the whale, the salmon, the raven or crow, and many grotesque delineations of the human visage, and also human forms with animal faces. These, in their various combinations, all have a meaning to the Indian. The crests and symbols, among other things define the bonds of consanguinity; a bear may not marry a bear, but may marry a whale or a raven, and so on. The existing order of things among civilized nations is reversed, for the son takes the crest and name of his mother's family, while the girl belongs to the father's house.

From Kasaan we continued on through Clarence Strait and through Wrangel Narrows, and next morning found us anchored at Wrangel, formerly Fort Wrangel, one of the first military posts established by the United States when Russia ceded Alaska to us. As a military headquarters it has been abandoned, but quite an important American town has sprung up in its place. It is much like Ketchikan, but commercially is of less consequence. Its adjoining Indian village contains some of the best totems to be seen in Alaska.

The First Russian Settlement in Alaska.

Another twenty-four hours' sail, with almost perpetual daylight and through most beautiful regions with awe-inspiring snow caps the prominent feature in the landscape, brought us to Sitka, the first Russian settlement in Alaska (about 1804), which to-day bears the stamp of its Muscovite origin, the Greek church being the most prominent building in the town, while its older houses bear striking resemblance to such as one sees in towns and villages of Russia, notably in the vicinity of Moscow.

The Indians in and about Sitka are largely of the Greek faith, but American missionaries have also been active since our occupation, and there is quite a large and influential industrial school and college with a substantial church, all under Presbyterian control. The school, which is doing incalculable good, was founded and endowed by the late Hon. Elliot F. Shepard of New York City. The Catholics and Episcopalians also have reared very nice little churches here.

Sitka is also a United States military post, garrisoned by one or two companies of marines. It possesses a large and beautiful public park, on the outskirts of the town, in which has been grouped an interesting collection of totems in all the splendor of new paint, in varied and brilliant colors, giving one a vivid picture of how the more ancient and weather-worn totems once appeared.

Sitka has lost much of its importance since the seat of the territorial government has been removed to Juneau, now the capital of Alaska.

Visiting Muir Glacier.

Returning from Sitka through Peril Strait, thence northward again through Chatham Strait, the character of the scenery ever growing more bleak and arctic, with not more than three or four hours between sunset and sunrise, and an almost unbroken twilight during those three or four hours, we were soon carried to Glacier Bay, at the head of which is the renowned Muir Glacier, with a number of smaller glaciers or arms of the Muir sloping into the bay on either side of it. The summer of 1908 was the first in nine years that vessels have been able to navigate Glacier Bay, owing to the great mass of pack ice filling it, due to the continuous and rapid sliding of the Muir Glacier, breaking off large masses of glacial ice, which the tides were unable to carry out to sea from season to season, resulting in an enormous accumulation of bergs. When the glacier ceased its active movement, the summer suns of a few more seasons sufficiently cleared the bay, to make navigation again practicable and safe. At the present time there is very little movement of the Muir, hence it is now termed a "dead" glacier.

Steaming as near to its base as was deemed prudent, we cast anchor, and were landed in the ship's small boats at the foot of a steep moraine at the left of the glacier, and after an irksome climb of several hundred feet over loose stones and gravel, we reached the surface of the glacier, which, excepting the numerous crevices and hummocks to be avoided, and the dampness of the melting surface in the sunlight, was not very difficult footing, especially as much gravel and small rock was scattered over the glacial surface. What met the eye was a vast, irregular, slightly-inclined and very bleak plain, extending for miles and miles, bordered by high and jagged peaks whose sides and summits were mantled in perpetual snow, white glinting and sparkling in the sunlight, with extensive bare patches of gray and purple rock, but not

a vestige of green or a living thing to be seen in any direction. Here was indeed a picture of Arctic desolation, forbidding and awful, yet beautiful and fascinating to the eye with the blue vault of the heavens above and the varied opalescent hues of the ice and scintillating white snow.

Main Street, Winnipeg, Manitoba

Empress Hotel, Victoria, B. C. Canadian Pacific Railway Hotel System

Native Curio Dealers, Killisnoo, Alaska

Indian Houses, Killisnoo, Alaska

The Beautiful Lake Louise

After tramping three or four miles over the glacier's surface, we were carried back to the ship and as each passenger came up the ladder to the deck, his or her name was carefully ticked off by a ship's officer, a proceeding not deemed necessary at any other landing we made in Alaska; but to be marooned at the Muir Glacier would mean the end of all earthly things for the castaway.

Splendors of the Arctic Scenery.

Returning southward through Glacier Bay, we had a distant view off to the north-west of the Mount St. Elias or Fairweather range of lofty and forbidding snow peaks, so splendid and white and varied with beautiful tints of rose and pale blue, from reflections of the afternoon sun and the ethereal blue sky. There is something so awful, grand and inspiring in such a picture as to defy mere word painting.

Skagway and the White Pass and Yukon Railway.

From Glacier Bay, turning northward through Icy Strait, we entered the Lynn Canal and steamed up this beautiful sound or fjord at the head of which is the city of Skagway. The Lynn Canal is the finest stretch of inland water-landscape in Alaska, and quite equals the beauty and grandeur of the noted Hardanger Fjord of Norway; its lofty and precipitous snow-capped cones, and its verdant, rocky slopes falling boldly into the sound.

Skagway is the starting point over the White Pass, for those bound inland to the Yukon river and the regions of the Klondike. It is but a few years since the White Pass was the terror and peril of the miner and prospector striking out in search of the earth's hidden treasure, and many a poor fellow dropped by the wayside and perished on the White Pass trail. In these days the traveller goes over this dreaded pass in a comfortable car on a well built railroad, and reaches its summit in less than two hours from Skagway. The international boundary line passes over the summit of White Pass, and there, not a hundred yards apart, are planted two tall flagstaffs, one floating the Stars and Stripes and the other the Union Jack, and midway between them a tablet marking the boundary between the two great Anglo-Saxon nations.

The railway continues on to a settlement named White Horse at the head of Yukon river navigation, but the summit of the pass was the most northerly point of our journey, whence we returned to Skagway and the ship. The ride over the White Pass was a vivid reminder of the Simplon across the Swiss Alps, which it greatly resembles. Until the building of the White Pass and Yukon Railway, the Chilkoot Pass, no great distance to the westward, divided honors with the White Pass as a trail to the interior country, and at its base was the then lively town of Dyea, but the White Pass' bands of steel put the Chilkoot route out of business, and Dyea had no further *raison d'etre,* and is now but a memory. Skagway has survived only to be outclassed and outrivalled by the newer city of Juneau, the capital of Alaska, where Uncle Sam has erected a rather imposing capitol or court building.

Retracing our course through the Lynn Canal, we turned northward again into its western arm to have a sight of the Davidson Glacier at its head. Though not so large, the Davidson has more points of beauty than the Muir Glacier, its surface being whiter and cleaner and showing more of the varied shades of translucent blue and green so characteristic of glacial ice.

Heading Southward.

Turning our prow about, our course from this time was steadily southward. Further on, taking an eastern estuary leading into Taku Bay, where we steamed cautiously for several hours among floating icebergs, viewing two more great glaciers, the Windham and the Taku, the latter from its form and surroundings being the most beautiful of all the Alaskan glaciers visited. In Taku Bay we saw a number of seal sporting about on the ice, also a party of Indian seal hunters paddling in canoes.

Mineral and Other Wealth of Alaska.

Our next point was the famous Treadwell Mine, with its extensive stamping mills for the reduction and concentration of the precious ores before being shipped to the great smelter plants, where the gold, silver, lead, etc., are finally reduced to their elemental state. The Treadwell is said to be the richest mine in the world and out of the noted "glory-hole," where the first diggings were made, a hole some 200 feet deep by 300 to 400 feet in irregular diameter, more than forty millions of the precious metals have been extracted, and this hole is but a small part of the workings of the Treadwell.

It may be remarked here that in 1867 Gen. B. F. Butler, then in Congress, in his speech against the ratification of the Seward treaty with Russia, for the purchase of Alaska for $7,200,000, said to his colleagues: "Gentlemen, if you wish to donate $7,200,000 to his Imperial Majesty the Czar of Russia, vote him the gift, but let him keep his land of icebergs and polar bears. We do not want this Alaskan wilderness." And to think of extracting $40,000,000 from one hole covering only a few acres of ground, to say nothing of the hundreds of millions taken from the Yukon country, from Nome, Fairbanks, Valdez and other sections of the territory in the past twenty years, and of the countless millions that still lie buried in the womb of mother earth. The entire vast tract of Alaska cost the United States an average of less than one cent an acre. In many of its milder sections are rich agricultural lands only awaiting settlement and development. Look on the map and you will note that the settlements of southern Alaska are about in the same general latitude as Christiania, Stockholm, Helsingfors and St. Petersburg. The climate along the Southeastern coast is, comparatively speaking, a temperate one the year round. At the coast settlements such as Ketchikan, Juneau, Skagway and Sitka the thermometer rarely drops lower than ten or fifteen degrees Farenheit below zero, and is most of the time above these marks. Colder temperatures frequently prevail in Northern New York, and forty degrees below is not uncommon in Minnesota and the Dakotas. But the Alaskan coast winters if not so severe are long, the snowfall abundant and the days short.

This climatic mildness so far north is due to the warm Japan currents that sweep across the Pacific, tempering the climate much as the British Isles are benefited by the Gulf Stream.

A soldier of the Sitka garrison told us that he suffered less from cold at that post last winter than he usually did at his home in Indiana. The winters are, however, much more severe in the interior and on the coast farther North. Nome, the most Northern settlement of consequence, is almost within the Arctic Circle. Yet we are told that the "Sourdoughs" (i. e. the seasoned inhabitants) of Nome, Fairbanks, Dawson in the Klondike, and other Yukon settlements, now pass very comfortable winters in good health, contentment and much social enjoyment, as the climate though intensely cold is a dry one, and the people are equipped for its conditions.

Caring for the Indians.

The welfare of the Alaska Indians is being well looked after. Besides the work of church missions, our government has established schools in many of their villages. At Kilisinoo, a purely Indian settlement, we saw a model school presided over by a middle-aged American and his wife who are much interested in their work. They told us that all of the children and many of the adults attended school daily, and that they are anxious to acquire a white man's education, and to live much as a white man does.

A brass band of fifteen or twenty instruments, all played by Indians, came to the dock at Kilisinoo to welcome us, playing a Sousa March, Star Spangled Banner, Yankee Doodle and Dixie quite as well as many of the rural bands in the States.

A Favorite Alaskan Industry.

A great industry of the women of the Alaskan tribes is the making of baskets. These are of various forms and colors, and some of them of great beauty, fineness and flexibility and almost as skilfully wrought as many of the noted laces of Europe or the drawn-work of the Mexicans. Good specimens are quite expensive, and are greedily sought after by the connoisseurs and collectors who have the basket mania, and very extravagant prices are paid, some rare specimens bringing as much as $50 and $100, and even more. They are not made of sweet grass like the Canadian Indian baskets, but of the fibres of roots of the spruce tree, which undergo a laborious process of preparation and dyeing before becoming ready for the hands of the weaver.

The Eastward Trip.

The last stop on the cruise was made at Vancouver, where we disembarked, and after spending a day in looking about this bright, active and well-built little city, we entrained via the Canadian Pacific for the East. The scenic beauties of this route are not excelled if indeed equalled by any other line across the continent, beginning about the time the train strikes the shore of the Southern arm of Shuswap Lake, which it skirts for many miles, giving one a variety of vanishing views of mountain and vale mirrored in its crystal waters. Reaching Revelstoke (some fifteen hours from Vancouver), where double engines are attached to the train, we start on our winding way into the heart of the great Selkirks, and it is not difficult to imagine one's self travelling over the great St. Gothard route across the Swiss Alps, so strikingly similar are the physical characteristics of the two regions.

Our first stopover was at Glacier. There, directly before us, stood the mighty bulk of Mount Sir Donald, rearing its gigantic form of bald granite to a height of over 10,000 feet, in form and contour bearing a striking resemblance to the Swiss Matterhorn. To the right of it as if to carry the illusion farther, curving down from another lofty height, was the great glacier of the Selkirk (or Illecillewaet Glacier, as it is officially named), and it too bearing quite a resemblance to the Gornergrat, so that one in facing about, would almost expect to see the counterpart of Zermatt and the Riffle Alp. On all sides we were hemmed in by mighty snow-capped peaks; a veritable *cul de sac.* Other striking features of the sky line were two sharp-pointed rocks of great height and boldness, named Castor and Pollux, and beyond them the snowy Hermit Range. By another turn one views at some greater distance the expansive glacier of the Asulkan. So illusive are these titanic forms of nature, that what appear so close at hand require miles of rough tramping to actually reach. We spent a most delightful day and night at the comfortable Glacier House, set in the midst of this amphitheatre of lofty peaks. To the eye there seemed no way out; but as our train came rumbling and snorting around the great steep curve, we saw our deliverance. Snorting in very truth with two engines pulling; one in the center of the long train to keep it from "buckling," and one more pushing from behind; for some of the grades over these mighty mountains are prodigious. It is all so amazing in its immensity, its grandeur and in its forbidding and inhospitable aspect.

Coursing along the swirling Kicking Horse River, through the mighty Canon of the same name, the rails seemingly touching the very edges of deep gorges, through whose black depths below the boiling raging river bores its onward way to lower levels, our train in a few hours amid such wild inspir-

Muir Glacier, Alaska

ing scenes drew up at Field, situated at the base of Mount Stephen, rock-ribbed giant of striking form, rising to a height of over 10,000 feet. At Field is another of the Canadian Pacific Company's chain of excellent hotels and the starting point for delightful excursions to Emerald Lake, the Yo-ho Valley and other interesting points. The ride eastward from Field to Laggan was a continuation of the stupendous mountain scenery of the day before; through great rifts in lofty mountain heights, at one moment looking down into abysmal depths, then turning the eye upward ever to see hoary peaks rearing their imperishable caps of snow into the etherial blue.

On this stretch of our journey we reach the highest point on the road at the "Great Divide," marked by a rustic arch stretching across a purling little mountain brook, which here close by the track, branches into two separate streams; the one flowing towards the East and finding its outlet in the waters of Hudson's Bay and the Atlantic, the other coursing Westward, mingling its waters with the great Columbia and so finding its outlet to the Pacific.

At Lake Louise.

Arriving at Laggan we enter a stage coach, and a stiff ascending drive of some three miles lands us at the chalet on Lake Louise. The chalet, another of the Canadian Pacific's hotels, is one of the most delightful hostelries to be found on either side of the Atlantic. From its front veranda the traveller finds one of the most entrancing of views; an opalescent little lake backed by the whitest of white glaciers glistening in the sunlight. The Victoria Glacier is so very white and brilliant, that in the bright light of the midday sun, it is impossible to train the naked eye upon it for more than a minute or two, at a time; but in the evening twilight or the early dawn it is a sublime and never-to-be-forgotten picture.

A ride of a mile and a half in a rowboat, or a walk of two miles around the side of the lake, brings one to the foot of the glacier, which is, however, so precipitous that only the most hardy mountain climbers, assisted by Swiss guides (of which there are several at the chalet) and hook and staff make the attempt to scale it. A good trail leading up the mountain to the right of the lake by gradual ascent for several miles, part way through a mosquito-infested forest, leads to the "Lakes in the clouds," *i. e.*, Mirror Lake at an altitude of 1,200 feet above the Chalet, and Lake Agnes 200 feet higher, going over a wide field of hard crusted snow (not a glacier) to reach the latter. Words can hardly convey an idea of the beauty of these two virginal little lakes, nor the grandeur and extent of the view into the great valley of the Bow; the distant view of the Ten Peaks, perpetually capped with snow, and the far-away entrance into the beautiful Paradise Valley on their right. The loveliness, the charm and majesty of it all must be seen to be appreciated. No one should leave Lake Louise without making this excursion. For those who are not inclined to foot it, sure footed mountain ponies and guides are provided at moderate cost.

The Chief Resort of the Canadian Rockies.

The ride from Laggan to Banff was another enjoyable experience, with an ever-changing panorama of mountain, valley,

lake and stream. Banff is the most popular resort of the Canadian Rockies, many going there to take the warm sulphur baths, claimed to possess great healing properties.

The Banff Springs Hotel (another of the Canadian Pacific's chain), a large, well-conducted house, is finely situated on a high bluff, almost surrounded by lofty mountains, some of them densely timbered, others bald, rocky crags; but from one side a wide open expanse overlooks the great Bow Valley, the Bow River here making a wide graceful curve or bow, hence the name. The view of the valley and winding river with its madly tumbling waterfall and the surrounding lofty heights, is from this bluff one of great beauty, charm and sublimity. Fine driving roads have been constructed in all directions, for Banff is in the heart of the great Canadian National Park.

An Indian War Dance.

We happened at Banff on July 1, Dominion Day, and had the rare pleasure of seeing a real Indian war dance for a band of more than a hundred braves, with their squaws, papooses and ponies had come into the village to celebrate the Canadian National holiday in all the panoply of war paint, feathers, buckskin, tomahawk, calumet and tom-tom. It is needless to say that the Canadian mounted police were also in evidence, to maintain order and to see that the "red brother" did not get outside any of the white man's fire water; but did freely permit him to barter his bead moccasins and other wares for cash, and candy, cake and ginger beer, for "Lo," like his white brother, has acquired a sweet tooth.

A few hours after leaving Banff we were out of the mountains and soon down among those vast rolling prairies, known in these days as the great wheat belt, and so travelled two nights and a day before reaching the thriving city of Winnipeg, not so much unlike in character the bustling twin cities to the South on our side of the border, St. Paul and Minneapolis. From Winnipeg to Fort William and a fine trip through Lake Superior, the great canal locks at Sault Ste. Marie and into Lake Huron was but a pleasant incident on our return trip to good old Manhattan.

SAFE DEPOSIT

TIMELY ILLUSTRATED SAFE DEPOSIT ADVERTISING

By Frank B. Finch, Advertising Manager, Commerce Trust Company, Kansas City, Missouri

DON'T you believe in timely advertising, the kind that hits the mark at the proper time—the logical moment; that which reminds your reader that "right now" is the best time for him to consider your service?

Then talk to him about something in which he is likely to be interested at the present moment; and you will come nearer getting results than by advertising something *now* that he will want next fall.

Local Timely Advertising.

Timely advertising can be brought even closer than that. There may be something in your part of the country, or your own city, which is of special interest to your people; it has their undivided attention; it is the subject of most every conversation. Better, if it has been discussed in your newspapers.

An Excellent Example.

Do you read newspapers carefully for these local items? You should. Here is an excellent example of it. The morning paper was just placed on my desk. One of the first page head-lines is "Burglar Waves Big Knife." That word "Burglar" is all you want. You know an attempt to, or an ac-

A genuine burglary inspired this copy

tual robbery has been committed. You have a fine chance to advertise the quality of your safe deposit vaults and probably other departments.

"He grabbed her, and after throwing her to one side, took her pocketbook containing $85 in cash, and $300 worth of diamonds."

Isn't that a strong opening paragraph for my to-day's advertisement, with these headlines?

"DIAMONDS STOLEN THAT SHOULD HAVE BEEN IN OUR VAULTS."

However, this ad. would not be complete without an illustration showing the robber. Therefore, this will be done.

The fact that your copy is timely, covers the most important points, but the arrangement may be such that it will not catch the eye. It may consist largely of the same set-up as the remainder of the page; if so, it loses its identity—its real individuality.

Value of Newspaper Items.

This matter of timely advertising from newspaper items is carried out extensively in every department in our bank, but we obtained the best results March 25, 1909. The office of the Lemp Brewing Company had been robbed the night of the twenty-third, and the large office safe was demolished. Its contents were blown into atoms.

Morning papers contained one-half column, and everyone was talking about it. I got a good photograph of the office, showing the walls and ceiling blown out. We used it in the noon edition, in a six-inch double, making the picture three by four inches. We rented that day more safe deposit boxes than we had on any previous day.

The Cuts Compel Attention.

We realize in all advertising that type alone will not catch the eye. There must be some kind of a picture—something out of the ordinary. Therefore, we use strong attention-compelling cuts. They place the subject so it stands out above everything. It was this picture that caught the eye and brought results.

The Summer Traveler.

Are you appealing to families that will take their regular vacation? Have you warned them of the danger of leaving valuable papers—bonds, notes, certificates, policies, pension documents, leases, contracts, deeds, wills and abstracts—as well as jewelry, silverware, boxes, heirlooms, etc., in the home during their absence?

Don't you know this is one of the best appeals to feature now? That cut drew the eye; it made them think, and realize their danger.

Value of Storage Vaults.

Your storage vaults are of special interest at present. You can illustrate their value now more than any other season.

Good summer copy

And do you know there are hundreds and thousands of people in your city who don't know the value of this department?

Always emphasize the low costs of storing boxes, trunks and packages. So many people have this idea—if a certain steel box three by three inches, in the individual box vault, costs $5 a year, it would cost $25 to $50 to store their box or trunk.

Psychology of Storage Vault Copy.

The mind is the most important part of the human body to be acted upon in getting a favorable decision for your safe deposit vaults, over others. Certain illustrations will attract attention always; but to strengthen this attention, it is necessary that interest be increased in some way. The important thing is the copy. It matters not how good your illustrations are, if the copy is not right in line, it will not clinch your readers.

Realizing this, we have planned an extra method of getting our storage vaults before the public, which is as follows: There is a cut on each side of a slip of fine quality enamel paper that just fits into the envelope. Each cut, alone, practically tells its own story. One is that of a woman who is ready to leave her home, and don't know what to do with her trunk and box of valuables. The other tells of her husband who has come to our vaults, and examined the storage department.

While each piece of copy is educational, the first of the above mentioned is suggestive. It certainly tells her what to do. It is just the information she needs. The second gives the result of investigating our vaults. She naturally decides with her husband that, "Seeing is Believing," and wants our service. One of the strong points

in the copy is that the storage rates are stated plainly.

These slips are mailed in every letter, also placed in every pass-book, in both the savings and checking departments of the bank.

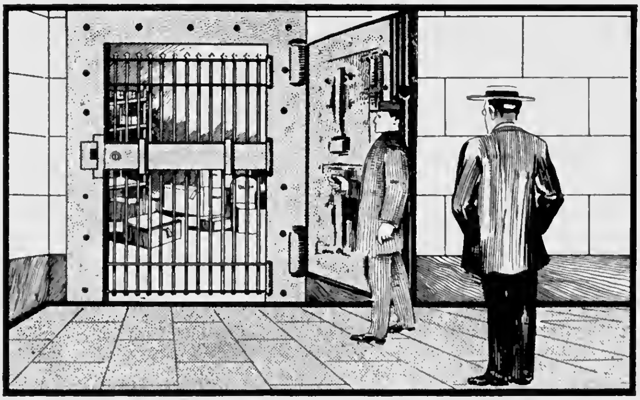
There are few persons whose attention you cannot get, if you approach them in a personal, verbal conversation. And, after all, this is what we should aim to do in our copy—make it just as personal as possible. The speaker who addresses his audience in that "you" and "your" style of individuality, will have better attention than if he addresses it as a mere body, and refers to it as just so many people.

Then cut out the coldness in your advertising. Get right down on a level basis in your copy, using words any one can understand, and make yourself feel that you are talking directly to prospective customers—not just at random.

STUDY YOUR WORDS.

The head-lines in your advertisement can amount to more than you may think, in this particular. Do you study them carefully? Do you get the words that will command every one's attention, and yet each one believe they are meant for him?

Cut used on one side of an attractive card sent out to awaken interest in the Storage Vaults of the Commerce Trust Company, Kansas City, Mo.



Reverse of the storage vault card

Never forget this fact; your prospect, Mr. Brown, is always more interested in himself than in you or your vaults; therefore, appeal to him directly.

Don't use this in tomorrow's head-line: "Our Vaults Protect Valuable Papers." He is not interested in that word "our" as he would be in the little word "your." And he may not think of his valuable papers until you call them to his direct attention. Let this be your head-line instead: "Your Contracts, Insurance Policies and Receipts are Valuable. Our Vaults Protect Them." Isn't that better? Doesn't that remind him of

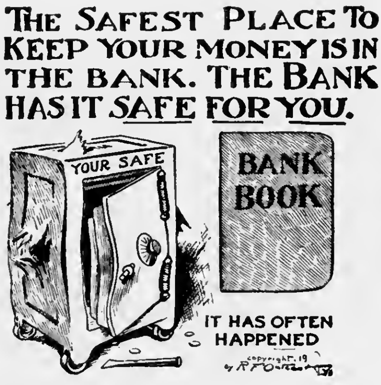
exactly which papers are really valuable; and doesn't it suggest your protection? Never play on some papers that many people, and probably Mr. Brown, may not have, such as certain pension documents, wills, naturalization papers, etc.

Probably you have this form in mind: "Our Vaults Withstand Earthquakes." Before you use it, change it thus: "Your Jewels and Valuables are Protected from Earthquakes in Our Vaults." It is stronger, of course, since it makes him think of *his own* property, or a woman think of her precious little articles that she "simply can't afford to lose."

A few weeks ago you used something like this: "Our Storage Vaults Mean Safety." See what a difference a slight change will make: "Your Valuables Stored Here, Means Safety to You."

Perhaps you emphasize the smalll cost in this style: "The Cost is Small for Our Vault Service." Wouldn't this head-line indicate to Mr. Brown that you think of his side of the question: "Your Expense is a Trifle—You Need the Service."

You didn't think this was too fine a point to consider, did you? If so, try it once, anyway, and be convinced. They are little things, that's true; little words—little forms



—little changes; but it's just the little things that count. Remember the quacking of geese (such a little thing, you know) saved Rome.

RESPONSIBILITY FOR SAFE DEPOSIT BOX

THE authority that a bank may maintain over the contents of its safe deposit boxes will be tested in the California courts, as the result of a suit brought against the Western National of San Francisco by Helen M. Finch, wife of Paul Finch. In 1907 litigation was pending between Finch and his wife, in which the latter sued for an accounting of property interests. An attachment was brought against Finch's commercial deposit of $2,000, and also against the money in his safe deposit box, which was said to contain $5,500. When judgment was obtained by Mrs. Finch she was able to recover only the $2,000 in the deposit account, as Finch, according to the allegation, had removed the coin from the safe deposit box. The bank is charged with responsibility for allowing him to do so.

TRACING BOX RENTERS

WE quote the following paragraph from a paper read at the last convention of the California Bankers' Association by John F. Cunningham, manager Crocker Safe Deposit Vaults, San Francisco:

"When a prospective customer becomes a renter of a box to which he and 'no one else' is to have access, we require him to give the name and address of his nearest relative or intimate friend. When the rental of the box is again due, we mail him the bill and if it is returned by the post office because owner cannot be located, we communicate with his relatives or friends, if the relative has moved, and endeavor to get his new address. In this way we have located quite a number who otherwise would probably have never paid their rent.

"When we are told upon inquiry that the sought customer is dead, we advise his relatives to get an order from court to search for a will or authorize us to do so in the presence of an officer of the bank, and if a will is found, to communicate with the executor or one of the legatees, and have him furnish proof of death. If this is sent us, then the usual course of legal action is taken by the executor or legatee.

"Where it is impossible to locate a renter, we mail a registered letter to the last address given us, notifying him that unless he calls and pays his rent, we shall, after sixty days from that time, in presence of an officer of the bank and a notary, order the box broken open and hold all contents subject to payment of all indebtedness. In nearly all cases, where a box is broken open, nothing is found, so we immediately surrender the acceount, change the lock and keys, and put the box into commission again."

THIS TOWN NEEDS A BANK

D. D. HERFORD, mayor of DeQuincey, Calcasieu County, Louisiana, writes us as follows: "Find parties who desire a location for a small institution—we have the locality. No other bank here."

LATIN AMERICA

MEXICAN RAILWAYS HITCHING UP WITH THE PAN-AMERICAN

DEVELOPMENT OF GREAT ENTERPRISE THAT WILL EVENTUALLY CONNECT ALASKA WITH SOUTH AMERICA

THE Pan-American Railroad for many miles of its course is paralleled by the Sierra Madre mountain range, back of which lie valleys of unsurpassing richness of soil and productivity—regions now reached only by the ox cart or pack train. Lately reconnoitering parties of civil engineers and capitalists have traversed these valleys, the result of such examination being the projecting and early contemplated building of a railroad, on the recommendation that railroad building into those regions is pronounced practicable, the route favored being from Jalisco station, Chiapas, a convenient point on the Pan-American Railroad to the port of Frontera, Tabasco, on the Gulf of Mexico, via the capitals of the States of Chiapas and Tabasco.

CONNECTING WITH THE GUATEMALA NORTHERN.

It is reported that the work of grading, preparatory to connecting the point of union between the Pan-American Railroad and the Guatemala Northern Railroad, which will extend from Ayutla, Guatemala, on the Mexican frontier, to the town of Caballa Blanco, on the Guatemala Northern Railroad, has been commenced. Ayutla is located just beyond Mariscal, across the River Suchiate, over which a great international bridge will be constructed. This line will be about twenty-five miles long, and will be one of the links in the Pan-American system which in course of time will extend from Alaska to Panama, and eventually to South America. Within a year or sixteen months at the latest it is hoped that through Pullman cars from the United States and Mexico will enter Guatemala City via the Pan-American and Guatemala Northern Railroads. On the conclusion of the lines between Ayutla and Caballo Blanco, Guatemala, and that in Salvador, there will be established an ample freight service from Salvador across Guatemala, Mexico, and the United States to eastern and western Canada.

RESULTS OF THE PAN-AMERICAN SYSTEM.

The future potentiality of the Pan-American system can be foreseen. Among many factors will be the diverting of the movement of the Guatemala coffee export trade, reaching 30,000,000 pounds, not to speak of the greater part of freight for the United States and Europe from Guatemala and other Central American countries, from water routes out of Guatemalan and other Central American ports to the rail route over Central American railroads to Ayutla, Guatemala, across the international bridge to be built over the Suchiate River, thence to Mariscal, Chiapas, on the Guatemala frontier, and over the Pan-American Railroad to Gamboa, Oaxaca, transfer being made to the Tehauntepec National Railroad for carriage across the Isthmus of Tehuan-

tepec to Puerto Mexico (Coatzacoalcos), on the Gulf of Mexico, or to Salina Cruz, on the Pacific coast. The Department of Finance of Mexico has provided for the construction of a frontier custom house and warehouse at Mariscal.

New Equipment Needed.

Both freight and passenger traffic on the Pan-American Railroad have already increased so rapidly as to necessitate new locomotives and passenger coaches. The road is undergoing many improvements, being rehabilitated with new ties, steel rails and steel bridges, the roadbed raised and strengthened wherever needed, so that in the next rainy season it is assured that there will be no interruption of train service. New concrete railroad stations are being constructed along the line and iron telegraph posts substituted for wooden poles. The railroad is about to build its shops in Tonola, Chiapas, on lands donated by the municipality of that town. The government of the State of Chiapas has granted a concession to install an electric light and motive power plant, to furnish the town of Tonola with illumination and motive power for the operation of the Pan-American company's shops.—*United States Consul A. W. Brickwood, Tapachula, Mexico.*

WHY MEXICO NEEDS FOREIGN CAPITAL

(Boletin de la Asociacion Financiera Internacional)

THE question has frequently been asked why Mexico, being the first silver producing country in the world, should so urgently seek foreign capital for the development of her natural resources. While it is true that Mexico has, in the past, produced billions of silver, yet it must be remembered that millions of Mexican silver have gone into the coffers of China, Japan, India, the Philippines and the Islands of the Sea; indeed, Europe has taken a great deal of Mexican silver, so that one reading the statistics of the production of silver during the past 350 years would naturally wonder why there is not a greater amount of silver in circulation in Mexico. The fact just mentioned is, in part, the answer.

On the other hand, when it is understood

Banco Minero

CHIHUAHUA, MEXICO

Capital - - - - $5,000,000.00

Surplus Fund - - 1,701,087.12

Transacts a General Line of Banking Business.

Drafts and Letters of Credit on Europe, United States and Mexico.

Collections on any part of Mexico Given Prompt and Careful Attention.

CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. CREEL, General Manager
E. C. CUILTY, Cashier

ADOLFO BLEY, President.
MAX MULLER, Vice Pres.
LUIS BRAUER, Manager.

BANCO DE SONORA

MAIN OFFICE:

HERMOSILLO, MEXICO

BRANCHES IN

Guaymas, Nogales, Chihuahua, Alamos

Capital, paid up, $1,500,000

Surplus, $1,000,000

We have Agents in almost every place and mining camp in

SONORA AND SINALOA

A General Banking Business Transacted

Foreign Exchange, Gold and Silver Bullion bought and sold. Collections carefully made and promptly accounted for.

OUR LAND DEPARTMENT

Will furnish upon application reliable information on farm, rauch and timber lands

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Deposits received in American and Mexican money

Member of American Bankers Association

that the natural resources of Mexico are very immense, and that formerly there were only a few thousands of Mexican people who were capable of handling large sums of money devoted to the development of the resources of this country, and that these few probably were thoroughly content with their condition in life, the cause for the laxity in the development of Mexico by the Mexican may be readily understood.

Taking into consideration the vast amount of work in hand necessary for the development of this great country and the condition of the country at large and the government in particular at the time that President Diaz took charge, less than thirty years ago, it will be noted that the Mexican has wrought well. He has not been an idler, though he has not labored with that activity which is so characteristic of the Anglo-Saxon and some other races of people.

Though old in years, Mexico is new commercially. Her temples bespeak the language of centuries past, her libraries and archives are filled with records of centuries ago; yet commercially Mexico is new. Previous to forty years ago, Mexico had no railroads, no telegraphs, no telephones, no electric lights, no electric power, no scientific mining, and within these two-score years Mexico has built up a great system of railroads, constructed immense electric light and power plants, discarded the ancient methods of mining, and erected large factories for converting her crude materials into manufactured products.

Hitherto the Mexican spent his time and energy, in part, in a very indifferent form of agriculture, but the principal object of his toil was mining, and during the past few years his attention has been called to other lines of effort, so that today the Mexican is found in almost every kind of commercial enterprises. Notwithstanding the increased activity of the Mexican, yet the immense possibility for the development of Mexico's natural resources is too great for the native's financial ability. There is not enough capital in Mexico for the development of Mexico. To date it has been necessary to bring into Mexico a little less than $2,000,000,000 of foreign capital. The work of the development of Mexico has scarcely begun. Every line of activity is open wide to the honest foreigner who desires to come to Mexico for the investment of his time and energy and to the capitalist for the investment of his money.

While Mexico stands at the head of the list of silver producing countries and third in the list as a copper producer, yet even in the production of these two great metals Mexico is but in her infancy. During the past few months properties valued at many millions of dollars have exchanged hands, and the new owners are installing the latest improved machinery at enormous expense, in order to greatly increase the output of their mines.

Irrigation, dry-land farming, stock raising, manufacturing, timber, rubber, railway building, and various other enterprises call for large capital, so great that Mexico stands staggered at the immense amount of wealth necessary to bring her natural resources up to that high plane of which they are capable. Consequently the government opens wide her gates and invites capital and labor from the world to enter in and assist the Mexican people in making of Mexico all that she is capable of becoming.

Naturally, some jealous-minded natives object to the coming of the foreigner, displacing the hovel and the hut with magnificent structures, relegating the mule car and sending electrically driven trains rapidly through the streets, displacing the old method of mining by modern machinery, instead of the tallow candle using the latest electrical appliances. But these are few, and the majority of the natives of the country extend a hand of welcome to all who come to engage in honest business and who desire only a fair profit upon the time and money which he may invest. The day of prejudices and enmity toward foreigners is fast disappearing, and foreign and native join hand in hand and stand shoulder to shoulder for the one purpose—the development of Mexico. The law of supply and

demand is apparent everywhere in Mexico. The demand for large capital for every class of enterprise is apparent. The foreign investor sees the demand and the opportunity for reaping good profits from his investment, is supplying the capital with which to develop and beautify the wonderful country of Mexico.

AMERICANS NOT CONVERSANT WITH SOUTH AMERICAN BUSINESS CONDITIONS

JAMES H. SPENCER, an American who is in the importing business in Santiago, Chile, and whose father went down there to found the business forty-five years ago, was a recent visitor in New York City. He was interviewed by a reporter for the New York *Sun* as follows:

"If our capitalists and our enterprising manufacturers would dedicate the time, attention and money to steamships, to banks and to looking into South American conditions that the Germans, English and Europeans do generally, they could get all the trade they desire down there," said Mr. Spencer. "As it is, the Europeans have been for many years meeting the conditions exacted by the Soutn American governments and the public, and they have profited.

"As for shipping, the Americans know little about the export business. They turn over their consignment to an express or a steamship company, get a little receipt for it and expect it to go to its destination all right, whereas it is the case that no goods can be extracted from the customs down there without a consular invoice and a bill of lading.

"Then the American shipper knows nothing about packing, apparently. He packs for a local business and for short transportation. After a journey of 10,000 miles his packages arrive with the contents either smashed or stolen.

"To my mind the German diplomatic service is managed on a basis that is superior to that of any other country. In all its legations are commercial attaches who do nothing but visit around in the trades, studying conditions and getting samples, and send voluminous reports back home, where they are distributed to the manufacturers. These make a special study of the requirements of the country to which they are going to ship, and the result is that they send the South American merchants what they want and the orders are repeated.

"*What is needed in South America is American banks.* All the collections in Chile, so far as business with the United States is concerned, are made through the German banks there.

"The general belief down there is that once the Panama Canal is opened, American business and enterprise will be extended in Chile. If, for instance, the Americans went into the nitrate business down there instead of leaving it to the English and Germans and did things on the big scale they work upon at home, it would mean big profits for the Americans as well as for the Chilean Government."

PARAGUAY

Early Connection With Argentine Railways

THE linking up of Paraguay with Argentina by rail is described in the following report by Consul Cornelius Ferris, Jr., of Asuncion:

"The extension of the Paraguay Central Railway from Pirapo to Encarnacion, on the Parana River, is progressing steadily, the rails being laid into Encarnacion by the end of March. Ferryboat connection will be made with Posadas, on the Argentine side of the river, to which point the Argentine Northeastern Railway is being extended. This will give Paraguay its first connection with the outside world by railroad, although the Paraguay Central is the oldest road in South America. Through service is expected between Asuncion and Buenos Aires by the end of 1910.

"For through service the wider gauge of the Paraguay line is to be changed to that of the Argentine Northeastern, and the old rolling stock entirely replaced by new equipment, which has just arrived from England. It consists of twenty locomotives, one officers' car, 223 freight, two dining, three parlor, two compartment, two sleeping and twelve day cars, eight baggage, mail and express cars, one wrecking car and one twenty-ton, flat-bottom boat with steam winch. Of the $1,410,000 additional stock issued by the Paraguay Central Railway, $1,070,000 was taken by the Argentine Government, which also secures the old rolling stock for use on Patagonia railways. Argentina also appropriated $10,000,000 for the extension of the railway to the north."

BANKING PUBLICITY

Conducted by T. D. MacGregor

A BROAD VIEW OF BANK ADVERTISING

THE editor of this department recently contributed the following article to "The Bank Advertiser":

The general adoption of modern advertising methods by the banks of this country would result very beneficially, not only to the business of the financial institutions themselves, but also to the people at large.

While it is true that in the past few years there has been marked improvement in the advertising done by banks, the great majority of the banks and trust companies of the country are still falling short of their opportunities in the matter of developing new business by advertising.

It is interesting to consider some of the broader aspects of bank advertising, and if from a perusal of these general ideas any reader can deduce something specific for the needs of his own institution, so much the better.

A great deal is heard now-a-days about the proposed Postal Savings Bank system. The present indications are that some such system will be established by the United States Post Office Department in the near future. Legislation on the subject is to be expected during the present administration. The effect of the Postal Savings Bank upon existing banks is problematical, but there is little reason to believe that the results will be disastrous to private institutions.

Did you ever stop to think why the Postal Savings Bank idea appeals so strongly to the popular fancy?

It is because everybody believes implicitly in the stability of the United States Government, and when you get down to the last analysis this is a matter of advertising. People believe that the government is strong because they have always been told that it is. They have constantly read and heard about the extent of its financial resources and they know how it has successfully passed through times of war, depression and public calamity. The facts concerning the power and efficiency of the government have become part of the public consciousness through a species of advertising.

Now, there is no reason in the world why the banks by proper advertising carried on continuously cannot to a sufficient degree create a feeling in the popular mind analogous to that which is entertained toward the government in regard to stability. Of course that feeling could never be as strong as the feeling of confidence in the government, but it is certain that continuous, educative advertising, backed up by continuous making good in every way on the part of the banks would in time make the impression "Strong as the bank" as frequently heard as "Strong as the government."

The amount of money lost by bank depositors on account of bank failures or mismanagement is an infinitesimally small amount when you take into consideration the enormous total of bank deposits year by year. But a great many persons do not realize how almost absolutely safe the banks are—especially the savings banks—as depositories for the surplus money of the people. Because of this lack of knowledge and also on account of the lack of proper presentation of the advantages of systematic thrift, there are to-day millions of dollars hidden away in odd places which might be in circulation through the banks of the country.

This suggests a very important economic service which modern bank advertising performs, the beneficial results of which are in direct ratio to the amount of the advertising done. That is the development of individual industry and thrift.

There is no doubt that the savings talks and arguments presented day by day or week by week, year in and year out, by thousands of banks throughout the country have a distinct influence on the general moral and physical well-being of the people. The experience of advertising banks proves that these advertisements are effective in the way of increasing deposits and that connotes a good deal, because the thinking man is able to read between the lines of a savings passbook. There is more to it than merely the figures showing the balance in the bank.

Every savings account stands for much honest effort and self-sacrifice. In most cases the savings bank depositor is not working and economizing for his own benefit alone. Often it is for the purpose of providing a home for his family, or otherwise to care for the needs or desires of loved ones.

When a man saves part of his income regularly for some good purpose, he is a better husband and father and a better citizen than he otherwise would be. Thrift is diametrically opposed to laziness, intemperance and immorality. Thousands of men have found that adopting a fixed object to work for and the practice of systematic economy in reaching that goal has been the making of them, not only from a purely material standpoint, but physically, mentally and morally as well.

The banker who fills his advertising space with interesting and straight-from-the-shoulder talks on thrift for the masses can justly feel that he is performing a good service to the community at large in general and to the individual influenced by his advertising in particular.

The aggregate of good accomplished by the sound and progressive savings advertising which is being done is very great indeed. The amount of good which would result if every bank that could advertise would advertise in this way is incalculable. The total increase in deposits resulting from it could be ascertained quite accurately, but the sum of the other benefits would be hard to reckon.

There is a broad way to look at commercial bank advertising, too. The great mass of men and women the country over are not as familiar as they should be with the service which the bank performs in the business community and thousands of them are trying to get along without the aid of the bank.

In every community there are many persons who know nothing by personal experience of the safety and convenience of a checking account. They do not realize the advantages of sending money away by bank draft. They do not appreciate the fact that being a regular bank depositor would entitle them to many privileges and conveniences in business which they could not enjoy otherwise. They have not found out that it pays to cultivate the acquaintance of the banker and that by being a bank customer a man puts himself in a position where he can ask and receive wise counsel in business and financial matters from persons more experienced than himself, and, moreover, the bank depositor is in the way of getting more substantial aid from the banker than advice.

Educative bank advertising will interest such persons and sooner or later will get most of them in line as regular bank depositors. This has been proved over and over again in the experience of advertising banks. If all banks advertised, and advertised intelligently, it would not be long before a decided improvement in business methods would result. System and promptness would begin to appear where now there is confusion and delay.

Depositors will not come to a bank or remain with it unless they have absolute confidence in it, so that the task of the advertising bank is two-fold: to inspire and maintain confidence in the institution, and to educate people as to the bank's ability and willingness, to serve them in specific ways, and to prove that it will be greatly to the advantage of prospective customers to do business with the bank.

Confidence is a plant of slow growth, but continuous advertising will create and maintain it.

Advertising increases in value from year to year as it continues. It would be a difficult thing to estimate the full value of strong, persistent advertising conducted through a period of years. The momentum of such advertising is practically irresistible. The bank that thus accumulates prestige and good will is a hard one to overtake and surpass.

It is just as wise for a bank to advertise to hold the confidence and business of present depositors as it is to get new ones. By continuous publicity along proper lines the bank puts itself in a position to receive the accounts of the new generation of business men constantly coming up and of the newcomers in its locality, but it also cements the ties that bind old customers to it.

Thus it will be seen that a bank's advertising may be regarded not as an expense at all, but as an investment and a protection—an investment very sure and profitable in its returns and an insurance against loss of present business.

Honest continuous advertising and making good on promises helps to create for advertisers good will—an asset of intangible but very real value.

There are many other things that go to create and maintain prestige for a business, but the right kind of advertising is the principal means to that end.

While it cannot be measured by the yardstick nor expressed in dollars and cents, good will has an acknowledged value. A certain very large advertiser values his trademark at $1,000,000.

There is such a thing as the cumulative effect of continuous advertising. The first time a person reads your advertisement he may not be in a position to act favorably upon the suggestion you make. In fact, he

may not be ready for months, but if you have kept your name before the public and used your advertising space to good advantage by filling it with interesting, informing, convincing copy, frequently changed, you have held that man's attention and when he is prepared to do as you suggest you are likely to get his business.

There is a secondary advertising of much value that comes to the regular and steady advertiser. It arises from the daily talk of the community when the name of your institution has become a household word through persistent publicity. When you have reached a point where the people take up your advertising and voluntarily help to make your business better known, you are reaping the special reward that comes to the wise advertiser.

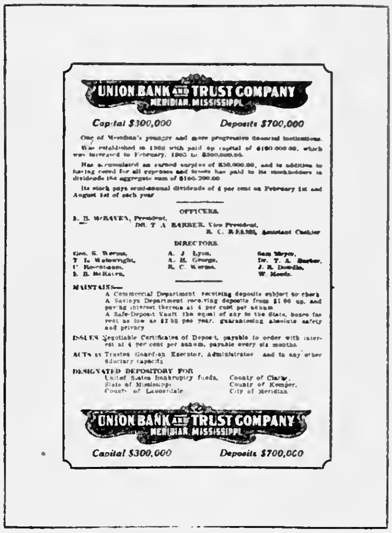
It pays banks to advertise. That is proved beyond question. Good bank advertising helps the community at large as well as the institution that advertises. There seems to be no excuse, therefore, for a bank's not advertising. With the practical suggestions along the line of banking publicity given by such publications as this and by the regular financial journals, to say nothing of the many good advertising periodicals, every banker ought to find it easy enough to undertake the work intelligently, or at least he should have no difficulty in getting the services of some one who has made a special study of bank advertising. The day has gone by when any banker can afford to ignore this subject.

BOOKLETS AND HOUSE ORGANS

CITIZENS Savings & Trust Company, Cleveland, Ohio. "Growth." This is a very unusual booklet for a bank, the idea being to give a monthly exposition of flowers, explaining their care and growth, and in connection with the beautiful pictures and valuable descriptive matter there is more or less reading matter impressing the analogy between the growth of plants and the growth of a savings bank account. The color of printing on the cover and on the various plates throughout the booklet is of such a high grade that the booklet will undoubtedly be kept for a long time by those who receive it.

Continental Bank & Trust Company, Shreveport, La. A booklet containing a sketch of the organization and progress of this institution, illustrated by interior and exterior views of the building and pictures of the officers. It is a very interesting booklet and unquestionably must have proved a valuable advertising feature for the institution which produced it.

The Wachovia Loan & Trust Company, Winston-Salem, N. C. A pamphlet gotten up in imitation of a legal document, containing copies of a number of testimonial letters from well-known men in regard to the institution on various features of its service.



A Lot of Good Meat

First National Bank of Clarksville, Tenn. "Some Bank Advertisements." This is a collection of letters from officers and directors of the institution explaining its fitness to handle the business of the public.

Fidelity Trust Company, New York. "A Little About Our Usefulness." A well-printed booklet giving a clear exposition of the leading points of trust company service.

Albany Trust Company, Albany, N. Y. An unusually fine booklet, deckle-edged and bound in boards, giving an interesting account of this well-known company. It was prepared by Charles H. Bissikummer, vice-president.

First National Bank, Chicago, Ill. A statistical pamphlet giving statements covering capital and deposit accounts, etc., for a period of ten years in the case of the First National Bank and for six years in the case of the allied First Trust & Savings Bank.

The American National Bank, Pensacola, Fla. "Saving Money by Mail." An unusually good booklet dealing with this subject.

J. Hathaway Pope & Co., New York. "The Instability of Investments." A booklet taking up such subjects as Danger in

A Good Novelty Ad. of a New York Institution

Neglect of Investments; Schemes That Have Absorbed Money; Fickleness of Supposedly Sound Investments; Present Investments Formerly Decried; Investments That Depreciate; How the Investor May Avoid Loss.

Otis & Hough, Cleveland, Ohio. A thoroughly illustrated booklet explaining the business of these investment bankers.

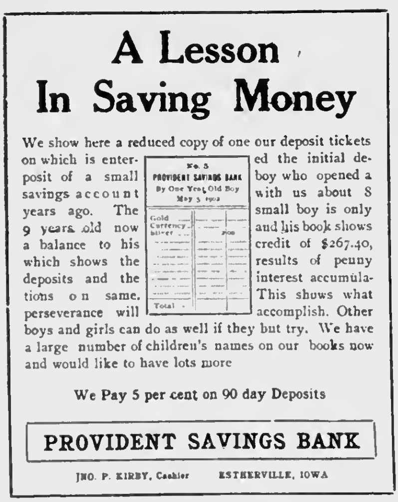
Columbus Savings & Trust Company, Columbus, Ohio; Wachovia Loan & Trust Company, Winston-Salem, N. C.; First National Bank of Joliet, Ill. These three institutions publish house organs in the titles, respectively, of *The Economist, The Solicitor* and *The Banker.* They are all unusually good and all of a little different character. We can say unhesitatingly that they are all good advertising.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Merchants & Manufacturers Bank of Milwaukee, Wis., uses a neat mailing card containing printed matter and the statement is printed in imitation typewriter type in the space in the centre.

We are in receipt of the following letter from F. H. Allen, assistant cashier of the First National Bank of Esterville, Iowa:



A Practical Illustration

I am sending you a copy of a newspaper "ad." recently published by our savings bank. If you consider it worthy of your notice we would be pleased to have you comment on it in your advertising department, offering such criticisms as may suggest themselves.

We are pleased to reproduce the advertisement referred to by Mr. Allen, and by way of comment would say that this is a very good bank ad., and if Mr. Allen keeps up to the standard set-up of this advertisement, he can rest assured that he is on the right track in his advertising.

A large number of banks use post cards as a form of advertising.

The First National Bank of Traverse City, Michigan, which is located in a fruit region, sends out a weather bulletin and reports on crop prospects, etc.

The Citizens Savings & Trust Company of Cleveland, Ohio, and the Northern New Jersey Trust Company of Edgewater, N. J., use some very effective savings arguments on their post cards.

The New Farley National Bank of Montgomery, Ala., has a regular illustrated series of post cards which it sends to the chief collection clerks of out-of-town banks from which it expects business.

The Lowell (Mass.) Institution for Savings advertises that it "does more than safeguard deposits; it offers financial aid to the home-owner."

The First National Bank of Northfork, W. Va., has recently reorganized its foreign department, specializing in steamship tickets,

and sends out a folder in English and Italion advertising that fact.

The Monroe National Bank of Chicago, Edwin F. Brown, president, recently offered as a premium for a savings account a year's subscription to any one of a list of twenty-seven popular magazines. The bank pays three per cent. interest on savings. Mr. Brown is quoted in *Printers' Ink* in regard to the scheme as follows:

"There is no string tied to the offer," said Mr. Brown. "Of course, a number of people opened accounts who may withdraw them as soon as the magazine begins to arrive. That will be our loss. However, I think the people interested in reading such publications as these are not of the 'quitter' variety. It should attract the fair-minded middle classes."

The First Mortgage Guaranty & Trust Company of Philadelphia, of which ex-Secretary of the Treasury Leslie N. Shaw is president, is a very aggressive advertiser. It uses a large number of separate pieces of follow-up matter. It recently published a good booklet covering its banking by mail, savings and checking account departments. One of its follow-up letters reads as follows:

Not having received any reply to our recent letter on savings, it has just occurred to us that you might be interested in opening a checking account, instead of a savings account.

Among the bankers, Philadelphia is known as a free collection point. There are no charges for collection on Philadelphia checks and we accept checks or drafts on all cities and towns in the United States without charge for collection.

You can open a checking account by making an initial deposit as low as $50 and we allow from 2% to 2½% interest on daily balances, depending upon the amount of the account and the activity thereof. A good healthy balance, with relatively few checks per month, is as well worth 2½% interest as others are worth 2%. Some accounts at certain seasons are worth 3% interest.

You can make deposits with us by check or draft on any bank in the United States or by Post Office money order or Express money order.

If you will write us regarding your checking account, that is what your daily balance would average and activity of your account, we will be very glad to advise you just what rate of interest the account will earn.

We would be very glad to have you open a checking account and hope to have the pleasure of hearing from you by return mail.

The
Center of an Industrial Empire

LITTLE did the first settler at the source of the Ohio dream of the vast empire of industry he was founding. And yet, had he intended to establish here the industrial center of the country he could not have chosen better, for such has Pittsburg become.

Her blazing furnaces, her smoking chimneys and her busy factories proclaim her "the nation's forge and anvil," the workshop of the New World.

Her varied products, made in 5,000 factories and mills, by 350,000 workmen, are used in all lines of human activity in all parts of the world.

Continually busy are her rivers and railroads, for it is their task to transport her 160,000,000 tons of freight annually.

To finance her industries, Pittsburgh has many banks, strong and conservative. In the front rank of these is the MELLON NATIONAL BANK, one of the twenty big national banks of the land, with capital and surplus of $6,900,000 and resources of $45,000,000.

Its thousands of customers include individuals, firms, corporations and banks in all parts of the country. Each customer receives prompt and intelligent personal service whether business is carried on in person or by letter. Like service is offered to all others who can use its unequalled facilities to advantage.

Correspondence is invited.

WALTER S. MITCHELL, Cashier

MELLON NATIONAL BANK
PITTSBURGH

An Historical Ad.

BOOK REVIEWS

A SIMPLE EXPLANATION OF MODERN BANKING CUSTOMS. By Humphrey Robinson; edited from a legal standpoint by W. Overton Harris. Boston: Small, Maynard & Co.

This is a clear and admirable explanation of banking rules and customs and will be found useful to all who have dealings with the banks.

There are a few minor errors which might be corrected with advantage in later editions. On page 102 it is stated that "each national bank must issue currency equal to a certain per cent. of its capital." This is incorrect. The national banks are obliged to invest a certain per cent. of their capital in United States bonds, but the issue of notes is not obligatory. On page 94 the number of reserve cities is placed at 13. It is now much larger than that. On page 106 it is stated: "The law says that not more than nine millions of national bank notes can be retired in any one month." This is not quite accurate (see Section 10, Act of May 30, 1908).

BOOKS RECEIVED

A SOLUTION OF MONEY, CURRENCY AND BANKING. By Chas. Albert Long. New York: Aberdeen Publishing Co.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE PEOPLES TRUST COMPANY OF BROOKLYN

Home of The Peoples Trust Company of Brooklyn

THE Peoples Trust Company, one of the largest and strongest of the trust companies in the borough of Brooklyn, was organized in the summer of 1889. There were then four trust companies established in Brooklyn, but it was believed that there was room for another good company, and so the Peoples was launched with the following incorporators: Eugene G. Blackford, Frederick A. Schroeder, Henry J. Cullen, Jr., Frederic A. Ward, Howard M. Smith, Cornelius N. Hoagland, Jacob G. Dettmer, Isidore M. Bon, Alonzo Slote, John E. Searles, Jr., Solomon W. Johnson, William B. Hill, Joseph W. Carroll, James Jourdan, Henry W. Slocum, George L. Pease, Daniel

Main Banking Room

One of the Officers' Quarters

F. Lewis, William H. Murtha, and George P. Tangeman.

With a capital of $500,000 and a paid in surplus of $250,000, the company started in business at 201 Montague street. The officers at that time were William H. Murtha, president; Frederick A. Schroeder, first vice-president; Horace J. Morse, second vice-president; and Edward Johnson, secretary. Two clerks (of whom the present president was one), and a messenger constituted the working force. To-day the volume of business transacted requires the services of eight officers and seventy-five clerks.

The company has experienced a remarkable growth, due to the conservative and safe, yet progressive, methods which have characterized its management since its inception. It now operates three branches—the Bedford, the Wallabout, and the Bay Ridge.

From the very first day the business of the Peoples Trust Company has experienced a rapid growth and development. Very soon after opening the capital was increased to $1,000,000 and the surplus to $500,000. Then the original offices became inadequate and in 1890 were removed to 172 Montague street, where the business was conducted for seventeen years.

Increasing business and additions to the office force again made it necessary to consider larger quarters. The company then decided to erect a banking house for its own exclusive use, and the present handsome structure, one of the finest banking buildings in the city of New York, is the result. The company took possession on March 26, 1906.

Trust Department

Exterior of Building.

Everything that human ingenuity has devised has been employed here to make the building artistic, durable, fireproof and convenient both to the public and the employes.

White Dover marble and polished Milford pink granite form the materials used in the front facade, the architecture of which is striking. Four monolithic columns extend from the level of the sidewalk to the gabled roof, rendering a harmonious finish to the exterior that is well set off by the solid granite of the wall. These huge marble columns were the largest blocks of marble ever quarried, each weighing twenty-eight tons.

There are two floors, the main and mezzanine, the latter occupying about one-quarter of the inside area, leaving a dome-

Ladies' Department

like ceiling over the central structure that affords an abundance of light and air.

Interior Arrangements.

The interior of the bank is finished in carved San Domingo mahogany and African Numidian marble, with United States standard bronze work, and gray marble flooring. Around the central corridor are the tellers' cages. The officers' quarters are in the front of the building, convenient to both the public and clerks. On the mezzanine floor are the long desks used by the bookkeepers, and where all clerks not necessarily brought in contact with customers find their work. Communication between the floors is had by means of the telautograph. The office of the president, which is also used by the trustees, is fitted up in a pleasing color scheme of mahogany and green. On the ground floor are waiting rooms with consulting and writing rooms adjacent to the tellers. All the fixtures are of uniform construction in bronze.

Vaults.

The rear of the banking floor is occupied by the safe deposit and security vaults. Special attention was paid to the construction of these vaults, with the result that the work is most complete in every detail. The architects, Mowbray & Uffinger of Manhattan, claim that this part of the bank is the most modern of its kind in the world.

The safe deposit vault is particularly impressive. It has a seven foot circular door weighing fourteen tons, the mechanism and perfect adjustment of which excite the wonder and admiration of all who see it. Over 1,400 boxes are installed in the vault.

A City Depository.

For many years the company has been one of the depositories of the city's moneys. In the basement of the company's main office is a spacious room fitted up as a regular teller's department, where, on the first of each month, about $1,000,000 is paid out

to the various city employes—policemen, firemen, school teachers, etc. The scene upon such occasions is very much like a "run" on the bank. The presence, however, of so many uniformed officers in the line is an offset to the apprehensions which the uninitiated might be inclined to entertain from such evidence of tremendous activity.

Branches.

The Bedford branch of the company, located at the corner of Bedford avenue and Halsey street, was acquired in February, 1903, through the purchase of the Bedford Bank, an old established institution which had had a successful existence. The investment has proved a profitable one, and the growth of this branch has been in proportion to the steady advance which is being made in this section in all directions. Henry M. Heath, one of the assistant secretaries of the company, who was for many years cashier of the old bank, and who is well and favorably known in the Bedford district, is in charge of this branch.

In December, 1905, the company took over the Wallabout Bank, located at the corner of Clinton and Myrtle avenues, which is now known as the Wallabout branch. This branch is a great convenience to the many Wallabout market merchants whom the company numbers among its depositors.

The company recently assumed control of the Home Bank of Brooklyn, situated at the corner of Fifty-fourth street and Fifth avenue, Bay Ridge, and is at present liquidating its affairs. The bank is now known as the Bay Ridge branch of the company. In the opening of this branch the company has made a wise move, for there was long need for a strong bank or trust company in that section of the borough. That the merchants and business interests there fully appreciate the establishment of a powerful banking institution in that vicinity is attested by the numerous accounts which have been received since the trust company has taken hold. The Bay Ridge section of the borough is one of the most rapidly developing sections in the city, and with the completion of the Fourth avenue subway, that part of the borough will be one of the most populous and progressive fields for business enterprise.

Coupon Rooms

The strength of the company and the confidence in it which obtains among its numerous depositors was never better evidenced than during the financial panic of 1907, when the withdrawals of deposits were less than those made upon any other company in the borough; to-day it leads all the trust companies in Brooklyn, with deposits aggregating nearly $19,000,000 and total resources of over $21,000,000.

Following is a statement of the condition

Bookkeepers' Department

of the company as rendered to the State Superintendent of Banks at the close of business on March 25, 1910:

RESOURCES.

New York State and City bonds	$984,350.00
Other securities	4,245,720.33
Bonds and mortgages	857,729.00
Time loans and bills purchased..	5,495,026.26
Demand loans	5,820,335.10
Cash and due from banks......	3,593,279.55
Real estate	532,834.84
Accrued interest receivable....	127,448.30
	$21,656,723.38

LIABILITIES.

Capital	$1,000,000.00
Surplus and undivided profits...	1,659,393.50
Reserved for taxes	17,856.89
Unpaid dividends	264.00
Deposits	18,829,006.16
Accrued interest on deposits....	150,202.83
	$21,656,723.38

The present board of trustees is composed of Brooklyn's leading citizens, and their connection with the company is a guarantee of the maintenance of that conservative policy which has always been followed and which has stood for safety and success. The list follows:

Charles A. Boody, president.
David A. Boody, Boody, McLellan & Co.
Amory S. Carhart, retired.
William C. Courtney, lawyer.
Walter V. Cranford, president Cranford Company.
J. G. Dettmer, retired.
Charles M. Englis, John Englis & Son.
William H. Good, lawyer.
William E. Harmon, Wood, Harmon & Co.
William B. Hill, lawyer.
Solomon W. Johnson, president American News Company.
James Jourdan, president Brooklyn Union Gas Co.
Adrian T. Kiernan, lawyer.
W. Eugene Kimball, R. J. Kimball & Co.
James McMahon, retired.
Horace J. Morse, A. M. Kidder & Co.
Herbert L. Pratt, Charles Pratt & Company.
Charles E. Robertson, Brooklyn Lumber Company.
Max Ruckgaber, Jr., Schulz & Ruckgaber.
Clarence W. Seamans, president Union Typewriter Company.
Howard M. Smith, president Brevoort Savings Bank.
Casimer Tag, president German-American Bank of New York.
George P. Tangeman, retired.
Wm. H. Ziegler, retired.

The present officers of the company are as follows: Charles A. Boody, president; J. G. Dettmer, first vice-president; Horace J. Morse, second vice-president; Charles L. Schenck, third vice-president and secretary; Henry M. Heath, William A. Fischer, J. Frank Birdsell, Clarence I. McGowan, assistant secretaries.

The company has had four presidents during its existence. William H. Murtha, the first president, died in 1891 and was succeeded by the Hon. Felix Campbell, who continued in the presidency until his death in 1902. Edward Johnson, the then secretary, succeeded Mr. Campbell. Upon the death of Mr. Johnson, in 1907, Charles A. Boody was advanced from the secretaryship to the head of the company. Mr. Boody's minute knowledge of every detail of the business exceptionally qualified him for the successful administration of the company's large interests, and the position of the company to-day speaks well for his executive ability.

Charles L. Schenck, the third vice-president, has been with the Peoples Trust Company over twenty years. He has served as receiving teller, paying teller, assistant secretary and secretary, which last office he holds in conjunction with the vice-presidency.

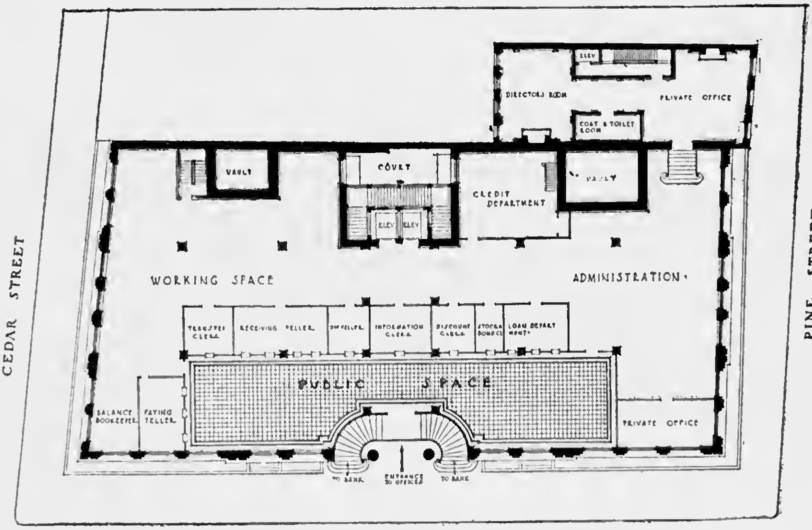
William A. Fischer, at present an assistant secretary, has also been connected with the Peoples Trust Company over twenty years. His rise from one position of trust to another has come about through a genuine appreciation of his painstaking work in behalf of the company.

The company has paid dividends since the second year of its existence, starting with six per cent. and increasing the rate to twelve per cent., upon which basis it has been for many years. Its stock is quoted at 310 bid, with none offered.

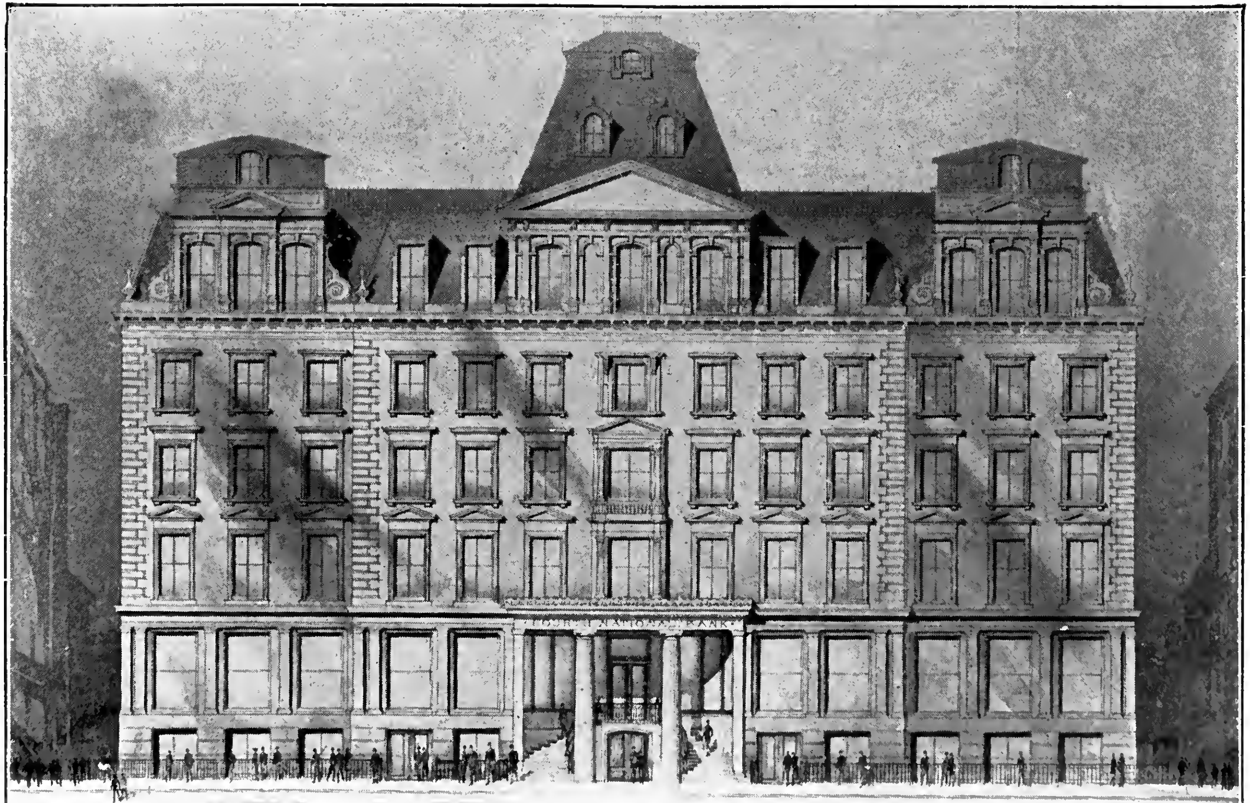
PREPARING NEW QUARTERS FOR THE FOURTH NATIONAL BANK OF NEW YORK

OCTOBER of this year will see the Fourth National Bank of New York in possession of the entire first floor of the building bounded by Pine, Nassau and Cedar streets. Extensive alterations are now under way which will provide this conservative old bank with one of the finest and best equipped banking rooms in the city.

The entrance to the bank is to be provided for in the central portion of the building, as shown in our illustration. This feature is to be attractively designed. Doric columns of granite will flank the winding staircases of marble and granite leading to the main banking room, through a vestibule treated with bronze and marble panels. The space reserved for the public runs along the Nassau street front of the building and



General Floor Plan of the Building to be Remodeled for the Fourth National Bank of New York



New Home of the Fourth National Bank of New York as it will appear when the extensive alterations under way are completed

will have a marble floor, with wainscoting of old English oak, extending to the ceiling. The executive force will be located in the Pine street corner of the new quarters.

Entrances to the upper portions of the building will be from the level of Nassau street, between the staircases leading to the banking room.

A BANK WITH A HISTORY

NEW HOME OF THE FIRST NATIONAL BANK IN OPERATION IN THE UNITED STATES, DAVENPORT, IOWA

THIS bank's new building, located in the very heart of Davenport's industrial center, was designed and constructed by Temple, Burrows & McLain. No expense has been spared in making it a credit to the city and state, and in its finished state, it presents a substantial appearance. It is constructed of cut stone and mat finish vitrified brick, and stands six stories and basement. The halls and stairways throughout the building are well lighted; all woodwork has the finish of flemish oak with marble wainscoting and tiled floors. The safe deposit vaults occupy the basement, the entrance being of marble entire, giving at a glance that substantial appearance which is rightfully expected of a place of great security. There are numerous rooms for the custodians, coupon booths, consultation rooms and suitable assembly room for delegations or board meetings of corporations who are at all times welcome to its conveniences.

The Banking Room.

This is the pride of the bank. The interior decorations, furniture and fixtures were designed and arranged by P. W. Dirham who represents the Wollaeger Manufacturing Company of Milwaukee, which company furnished and installed the entire equipment. Regardless of size, it would be difficult to find a banking room more fully displaying convenience, beauty and elegance, with a masterly touch of artistic harmony in all of its appointments, than this one. The entire vestibule is of carefully selected imported Italian Pavanazo marble, which is also used in the wainscoting of the main lobby and

A Portion of the Main Banking Room occupied by the First National Bank of Davenport, Iowa

Entire Lower Floor of this Building is given over to the First National Bank of Davenport, Iowa

customers' room. The grill work is of solid bronze in Verde Antique finish and the furniture and wood-work of the entire room is of quarter sawed, fumed white oak, with lofty beamed and panelled ceiling moulded in hand-run plaster of paris, finished in old ivory.

BUSINESS.

This bank has been in operation since the time of Indians and has surely gained some valuable experience and some of the early records will show that the Indians themselves had money in the bank. It has a capital of $200,000, a surplus of $200,000, and deposits of $1,500,000. It pays four per cent. semi-annual dividends, has commercial and savings departments, and is a government depositary.

The officers are: Anthony Burdick, president; Joseph R. Lane, vice-president; John P. Van Patten, second vice-president; Lew J. Yaggy, cashier, and W. J. Housman, assistant cashier.

MODERN COÖPERATION AT ITS BEST

By Edward White

Of all the coöperative movements and associations that have been instituted since the organization of the first building and loan societies in England, in the latter part of the eighteenth century, history records the fact that about sixty-five per cent. have proven successful. Although the percentage is a large one, it was made in the face of the fact that many of the associations and societies organized in different parts of the world, with the principle of coöperation as a basis, were either lacking in practical methods or were founded by unscrupulous persons. Reckoning, therefore, with only the good organizations as the successful ones, it is quite clear that coöperation, both in social economies and the science of trade and industry, is an unqualified success.

The difference between the two kinds of coöperative effort mentioned is well defined. Societies organized for the promotion of social economies have no place in the business life of a community or a nation, and, whether successful or unsuccessful, do not affect the status of associations or societies banded together for mutual benefit in the production or distribution of commodities. Coöperation, as applied to organizations of the latter class, has a specific and technical sense, and means, strictly, the encouragement of thrift and the conservation of energy and resources.

The first industrial coöperative societies, both in this country and in England, were formed about the middle of the last century, by working men, in an attempt to do away with the employer, and yet virtually all of those that are still in existence are simply joint stock corporations, dominated by men who formerly would have been called employers, but who are now known as officials. If this is demonstrative of anything, it is the fact that, after all, successful coöperation means successful management. The distribution of profits is a very simple matter, but the production and marketing of the commodities that make the profits constitute a much more difficult problem. This is a competitive age, and the competition must be met by men of ability, sagacity and business foresight, or the enterprise will come to naught.

Starting on Historic Ground.

It was fitting that the first and only successful coöperative organizative formed for the manufacture and distribution of farm implements, machinery and vehicles, should be established at Plano, Illinois. From the year 1857, when the Marsh Brothers, of Marsh Harvester fame, built their plant and began operations at Plano, until 1902, the city led the world in the manufacture of harvesting machinery. Here was the scene of the activities of such men as C. W. and W. W. Marsh, John Hollister, William Deering, E. H. Gammon, Lewis Steward, John F. Steward, W. H. Jones, and others eminent in the industrial world, and the name Plano was synonymous with the best of everything in the line of agricultural implements.

Birth of Practical Coöperation.

By the year 1905, three years after the absorption of the Plano Manufacturing Company by the trust, the citizens of Plano had grown weary of the deprivation of their chief industry, and began casting about for a leader to guide them from their path of misfortune. At that time W. C. Thompson of Chicago came upon the scene, and immediately began the work of organizing the Independent Harvester Company on a coöperative basis. Mr. Thompson, besides being a successful business man, was a student of latter-day economies, and foresaw, not only the possibility, but the actual necessity for that kind of effort. His range of vision enabled him to see that with the products of agriculture in the United States already reaching several billion dollars a year, and increasing at the rate of more than a billion dollars every twelve months, there must be a magnificent field of endeavor in the work of saving to the farmer something of the millions upon millions that was annually wasted in excessive prices for machinery, implements and vehicles. Actual competition with the trust was out of the question—rendered absolutely impracticable by its immense capitalization. Coöperation, therefore, was the only solution, and that was begun by securing as members of the Independent Harvester Company about two hundred Kendall county farmers, each one of whom became a stockholder in the corporation.

Rapid and Substantial Development.

The years 1906, 1907 and 1908 were spent in perfecting the organization and its plans, and in the erection of foundry, blacksmith

shop, wood-working shop and paint-shop. Those were not years of idleness, but of great preparatory activity. Skeptical people, who failed to grasp the situation, were wont to criticise, and even censure, what appeared to them a wanton waste of time and money, as they saw the buildings of concrete and steel going up and up-to-date equipment going into them. A tract of land, covering nearly a quarter of a section, and stretching along the railroad track more than three-quarters of a mile, was purchased. Here the buildings were erected, and here the experimental farm, that is proving so useful to the company, was established. From the gravel beds, on Big Rock creek, on the farm, is taken all the gravel necessary in the manufacture of the concrete used in the construction of the buildings.

At the beginning of the year 1909, the company was ready for real business, and by its close, several of the buildings had been enlarged, a storeroom and warehouse, 100x152 feet, had been erected, 250 men were at work in the shops and offices, a business of $100,000 had been transacted, and a reasonable outlook attained for more than half a million dollars in 1910.

What a transformation from the struggling days of 1906, with two men as the office force and six men in the shops! The closing days of the season of 1909 set the seal of great success upon the future of the Independent Harvester Company, and made the coming days look bright indeed.

Modern Buildings and Equipment.

The buildings and equipment of the company are of the most modern type in construction and arrangement. In the main group there are six fire-proof structures, covering in all several acres of ground space, and so constructed as to secure ample light and ventilation, thus insuring the minimum of risk to life and health and the maximum of efficiency on the part of the employes. A trip through the buildings shows that the men are all working under the most favorable conditions possible, and that the company evidently regards their health and well-being as a distinctive asset.

The various departments are in charge of men thoroughly skilled and trained in each particular line. Every one appears to realize the responsibility that rests upon him—that machinery of the very highest grade is to be turned out, and that his department must "make good" in the strongest sense of the term. When a machine or a vehicle, or a device of any kind goes to the farmer with the word "Independent" stamped upon it, it goes with the absolute guaranty of the Independent Harvester Company, and every employe feels that he has a share in that guaranty. Many of the employes are stockholders in the corporation, and, therefore, have a direct interest in its affairs. Others are sons of stockholders, who have turned their attention to mechanical pursuits.

Perfect Facilities.

The facilities of the company are gradually reaching a state of perfection. They make their own metal patterns, wood patterns, grey castings, and other preliminary essentials, and keep a full stock of parts and supplies at all their distributing stations. Their principal warehouses are at Omaha, Wichita, Watertown, Minneapolis, Des Moines, Fort Dodge, Madison and Kansas City. At the manufacturing plants, they turn out, in unlimited quantities, binders, mowers, manure spreaders, wagons, gasoline engines (three to thirty horse-power), cream separators, seed corn graders, grain elevators, dumps, plows, planters, etc.

What The Future Must Hold.

With such an equipment, operated under the direction of a corps of managers that has already demonstrated its ability, and with a broad and comprehensive financial development plan, there is nothing in the way of a successful future for the Independent Harvester Company. An article in The Bankers Magazine for May, 1910, clearly reveals the solidity of the monetary foundation of the company, and the success of the management in building that foundation and attaining the present high degree of perfection in economic organization, shows that the affairs of the company are in the hands of the right element.

All these fundamental features being propitious and favorable, the future simply turns upon the development of agriculture in the United States, or, it may be said, throughout the world, for the limitations of

the field can only be placed upon the tillable land which the earth contains.

Growth of Population and Wealth an Index.

Although the growth of population and wealth in the United States has indeed been remarkable, future development is sure to be even greater and of a more substantial character than that of the past. From 1850 to 1870 the population grew from twenty-three millions to thirty-eight millions, or at the rate of about seven hundred and fifty thousand a year. From 1870 to 1908 the increase was from thirty-eight millions to eighty-seven millions, or at the rate of one million three hundred thousand a year. From 1850 to 1870 the wealth of the country grew from $7,135,000,000 to $30,068,000,000, or at the rate per year of $1,100,000,000. From 1870 to 1904, there was a growth from $30,068,000,000 to $107,104,000,000, or at the yearly rate of $2,260,000,000.

The figures presented by articles mentioned show that the development of agriculture, although apparently very rapid, has not any more than kept pace with the growth of population and wealth, and, therefore, we see, by putting the two statistical paragraphs together that absolute necessity will compel a still greater development in the future in every line of agricultural pursuit. This must be the result if the people of the world are properly fed, and the advancement of civilization warrants the assumption that they will be.

Only One Correct Deduction.

There can be but one deduction made from the above that will stand the test of actual experience, and that is that the manufacture and distribution of agricultural implements and machinery on a practical coöperative basis, which will secure a saving to the consumer, will not only prove a blessing to mankind, but a profitable investment as well.

Illinois has always led the world in the manufacture of agricultural implements, and it is now so far in advance of every other commonwealth that its supremacy is secure. Its transportation facilities are unequaled, more than fifty per cent. of the railroad mileage of the United States being credited to the trunk lines that traverse its territory. Coal, the basis of all manufacturing on a large scale, is right at the door of every industrial center in the state; in fact, the coal area of Illinois is nearly three times the coal area of the Pittsburgh district, known as the workshop of the world, and more than three times the coal area of all Great Britain.

In the year 1909 the value of agricultural implements produced in the state was approximately $100,000,000, which amount was within one million dollars of equaling the total amount of the product of the United States in the year 1900. In the latter year the value of the Illinois product reached $42,033,796, or about forty-two per cent. of the total for the entire country. If there is added to the agricultural machinery and implements manufactured in Illinois the vehicles, such as wagons, buggies, automobiles, etc., produced for the farmers, we have a total value of $175,000,000 for the year 1909.

The Drift of Results.

The geographical economy of the location of Plano, the home of the Independent Harvester Company, makes sure its rise in the industrial world. Sixty per cent. of the agricultural products annually gathered in the United States are credited to the twelve north central states, of which Illinois is the center. Plano is already known throughout this great productive region, and its fame is rapidly spreading to the farthermost parts of the continent, and it will ere long become a market for all the world for the best and cheapest there is in harvesting machinery. Already farmers from distant parts of the country are making pilgrimages to the beautiful little Illinois city, where they spend a pleasant day or two inspecting the plant of the Independent Harvester Company, in which they have a direct interest, and in enjoying the hospitality of the company in its own quarters. They leave the place feeling satisfied that they have linked their fortunes with an enterprise that is at once honest, prosperous, progressive.

The drift of results is, therefore, favorable to the city of Plano and the Company. Their eminence is assured, and, while their path to the goal may have been through great difficulties, it will yet be glorified by their achievements.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Lawrence Lewis Gillespie, vice-president of the Equitable Trust Company, who has been elected a trustee of the Greenwich Savings Bank, is one of New York's younger trust company men, having been born thirty-four years ago. He was graduated from Harvard in 1898, and has traveled around the world and served as a lieutenant in the First United States volunteer engineer regiment in Porto Rico.

—The Mercantile Trust Company has purchased the Mercantile Safe Deposit Company, located, like the trust company, in the Equitable building at 125 Broadway. The Mercantile Safe Deposit Company was organized in 1870. Its officers are president, William Giblin; vice-president, William C. Poillon; treasurer, John B. Russell and secretary, E. M. Billings.

—Following the election of S. D. Scudder as president of the Jefferson Bank and his purchase of an important interest in that institution, the following have been added to the directorate: Christian Bahnsen, of C. Bahnsen & Company; James F. Fargo, treasurer American Express Company, and Richard J. Scoles, a New Jersey banker, formerly vice-president of the Trust Company of America. This completes the number of directors provided for by the present by-laws, which it is intended to amend later for an enlargement of the board.

—The German Savings Bank of New York, with deposits of more than $75,000,000, and one of the "Big Four" of New York savings institutions, has decided not to cut the interest rate from four to three and one-half per cent. as recommended at a recent conference by Superintendent Cheney of the state banking department.

—Ability and personality, coupled with long and able service, have again received the recognition which they deserve in the appointment of Samuel Redfern as assistant cashier of the Mercantile National Bank.

Mr. Redfern has been connected with the bank for a period of nearly thirty years, latterly, for some years, as loan clerk, in which important position his work has attracted favorable attention.

Mr. Redfern began his banking experience in the Hanover National Bank in December, 1878, as messenger. In 1880 he was appointed assistant bookkeeper and in 1881 was promoted to bookkeeper. He resigned from the Hanover on October 10, 1881, to take a similar position with the Mercantile National Bank, Col. Geo. W.

Perkins, formerly cashier of the Hanover National Bank, having been elected to the presidency of the Mercantile. Mr. Redfern was in charge of the bookkeeping department of the Mercantile from 1883 to 1901 when he was appointed loan clerk, which position he has filled continuously until his appointment as assistant cashier.

SAMUEL REDFERN
Newly Appointed Assistant Cashier of the Mercantile National Bank

His ability and winning personality have made him as well and favorably known in social and fraternal circles, as in the banking world, and the prominence he has attained in the many organizations with which he is connected testifies to the high esteem in which he is held. The efficiency which has marked his work as a clerk presages still greater results in his newer and broader field.

—The trustees of the Bowery Savings Bank have declared the semi-annual dividend of earnings for the six months ended June 30 at the annual rate of three and one-half per cent.

This rate for the disbursement of "dividends" on interest deposits was established last winter after four per cent. had been paid for several years. It was a foregone conclusion that the three and one-half per cent. rate would be continued this summer.

—By mutual consent the partnership existing and conducting business under the firm name of Wilkinson, Reckitt, Williams & Company, certified public accountants, has been dissolved. Henceforth the business in New York, Philadelphia and the East will be conducted under the name of George Wilkinson & Company, with the same offices at No. 52 Broadway, New York city, and Mutual Life building, Philadelphia.

—The seventeenth annual convention of the New York State Bankers' Association will be held on July 14 and 15, at Otsega Lake, Cooperstown, N. Y. A splendid program has been arranged.

—The Washington Trust Company has elected these trustees: William F. Whiting, treasurer Whiting Paper Company; William H. Childs, vice-president American Coal Products Company; Brent Good, president Carter Medicine Company.

—For the six months ending June 30, the Union Dime Savings Bank will pay a dividend at the rate of three and one-half per cent. per annum, in place of four per cent., which it has heretofore credited to deposits. In this step the Dime, which has deposits of about $29,000,000, follows the

action taken last January by the Dry Dock Savings Institution, the Bowery Savings Bank, the North River Savings Bank, the Union Square Savings Bank and the Italian Savings Bank.

NEW ENGLAND STATES

—The annual meeting and dinner of the National Bank Cashiers' Association of Massachusetts was held at the American House, Boston, June 2, and fifty members and guests were present.

The following officers were elected: C. L. Brigham of Hudson, president; J. H. Gifford of Salem and Ralph P. Alden of Springfield, vice-presidents; W. L. Nickerson of Melrose, secretary; F. L. Oaks of South Framingham, treasurer; W. B. Smith of Brockton, W. F. Houston of Newburyport, S. R. Stevens of Marlboro and B. W. Guernsey of Wellesley, executive committee.

President F. E. Bruce of Lynn was toastmaster and the guests and speakers were President Allen T. Treadway of the Senate and Rev. Frederick W. Buis of Salem.

—Stockholders of the Lincoln National of Bath, Me., have ratified the action of the directors in the matter of the proposed consolidation with the First National, on a basis of share for share. The new institution will be known as the First National and will have a capital of $400,000. The officers are to be J. R. Andrews, president; Oliver Moses and Fred H. Low, vice-presidents; W. A. Shorey, cashier.

EASTERN STATES

—Eugene S. Reilly has been elected first vice-president of the Washington Trust Company of Pittsburgh, to succeed the late Isaac R. Whitaker. Mr. Reilly had been second vice-president of the institution, and he is replaced in that office by Edward Kelly, Jr. S. G. Gallupe, cashier of the Washington National Bank, has been chosen secretary of the trust company. Two new directors of the latter are Max Perlman, its treasurer, and John P. Harris.

—The surplus fund of the Mellon National Bank of Pittsburgh, which was increased to $3,000,000 in May through the addition of $100,000 from undivided profits, has been enlarged to $3,100,000 through the transfer of another $100,000 from the undivided profits account.

—J. G. Jennings has been elected president of the Columbia National Bank of Pittsburgh to succeed his brother, E. H. Jennings, who resigned. Robert J. Davidson, president of the Guarantee Title and Trust Company, was elected second vice-president. Edmund W. Mudge has been made a director. The other officers are John A. Bell, first vice-president; William C. Lowrie, cashier, and T. M. Jones, assistant cashier.

—S. Pemberton Hutchinson, president of the Westmoreland Coal Company and of the Penn Gas Coal Company, has been chosen to succeed the late Edmund H. McCullough as a director of the Farmers and Mechanics' National Bank of Philadelphia.

—The proposition to increase the capital of the American Bank of Philadelphia from $100,000 to $200,000 was ratified by the stockholders on June 6. The bank announces the addition of $10,000 to the sur-

plus, making the latter $20,000. It also reports undivided profits of $19,000. The institution began business in June, 1908. The present is the second addition to capital. The amount, originally $50,000, was increased to $100,000 in March, 1909.

—Thomas Gamon, Jr., has been elected assistant treasurer of the First Mortgage Guarantee & Trust Company of Philadelphia to take the place of Charles Lafferty, who resigned to become cashier of the Vineland (N. J.) National Bank. Mr. Gamon was chief clerk of the Corn Exchange National Bank of Philadelphia.

—John P. MacBean has been chosen president of the Wayne Junction Trust Company of Philadelphia to succeed James A. Hayes, resigned. Mr. Hayes, who withdrew from the presidency because of the pressure of private business interests, was presented with a loving cup by the directors.

—Action on the question of changing the par value of the stock of the Tradesmen's National Bank of Philadelphia from $50 to $100 per share will be taken by the stockholders on July 12. No change will be made in the capital.

The movement to increase the par value of the shares arises from the desire to place the stock on the same basis as that of the majority of the Philadelphia National banks. The Tradesmen's National has a capital of $500,000 and surplus and profits of $799,144.

—Horace H. Lee has been elected secretary and treasurer of the Philadelphia Stock Exchange to fill the vacancy resulting from the death of J. Bell Austin. Mr. Lee is a former president of the Stock Exchange.

—The final session of the fifteenth annual convention of the Maryland State Bankers' Association, held in Baltimore, came to a close June 23, with the election of officers. Those elected were:

President, Joshua W. Miles, Princess Anne; vice-presidents, Waldo Newcomer, Baltimore; M. E. Doll, Frederick; Charles E. Rieman, Baltimore; William McKenney, Centreville; George Cator, Baltimore; George R. Gehr, Westminster; Isaac L. Price, Salisbury; Lewis J. Ort, Midland; Charles Spillman, Baltimore; J. Henry Cook, Baltimore; secretary, Charles Hann, Baltimore; treasurer, William Marriott, Baltimore; committee of administration, Joseph D. Baker, Frederick; Robert Shriver, Cumberland; H. B. Wilcox, Baltimore; W. B. Copper, Chestertown; Charles T. Crane, Baltimore.

Following the session a meeting of the Maryland members, who are members of the American Bankers' Association, was held, at which Albert D. Graham, of Baltimore was nominated as the member of the executive council of the national association from Maryland. H. H. Haines, of Rising Sun, was named as the vice-president from Maryland, and Morris Grape, Baltimore, as delegate.

—W. A. H. Church has been selected to succeed F. C. Stevens as president of the Commercial National Bank of Washington, D. C. Mr. Church is a senior member of Church & Stevenson, lumber dealers, and a member of the Board of Trade. He knows practically "everybody in Washington."

—F. W. Dunbar has replaced C. W. Anderson as president of the First National Bank of Montclair, N. J. F. W. Fulle has become vice-president, succeeding Mr. Dunbar, and A. T. Gibbs, heretofore assistant cashier, takes the place of H. F. Adams as cashier. The institution began business last year.

—The board of managers of the Howard Savings Institution of Newark, N. J., on May 23 elected Samuel S. Dennis president of the bank, to succeed the late Horace T. Brumley. Mr. Dennis had served as first vice-president since 1903. He is a son of A. L. Dennis, who was one of the original incorporators of the institution in 1857. He is connected with various financial and other enterprises, being a director of the National Newark Banking Company, the American Insurance Company, the Morristown Trust Company, the Chicago Junction Railways Company, the Pittsburgh, Cincinnati, Chicago & St. Louis Railway Company and the United New Jersey Railroad & Canal Company. J. William Clark has been elected vice-president of the Howard Savings Institution, Charles H. Norman, asistant treasurer, and George H. McLellan, assistant secretary.

—Charles T. Brewer, newly elected president of the Second National Bank of Cooperstown, N. Y., is well-known in his county as a conservative, clear-headed business man and lawyer, and his administration is giving entire satisfaction. Fred L. Quaif, recently elected vice-president, has been a director of the bank for eleven years. His father was vice-president for many years. George M. Jarvis has been with the bank thirty-six years and as cashier since 1892. F. W. Spraker is assistant cashier.

The Second National was organized in 1864, succeeding the Bank of Cooperstown, which had been in existence since 1853. It has a capital stock of $150,000, and a surplus of $160,000.

—Vice-President of the United States, James S. Sherman, is a director of the Northern New York Trust Company of Watertown, N. Y., which has filed a certificate of incorporation for examination. It is capitalized at $300,000.

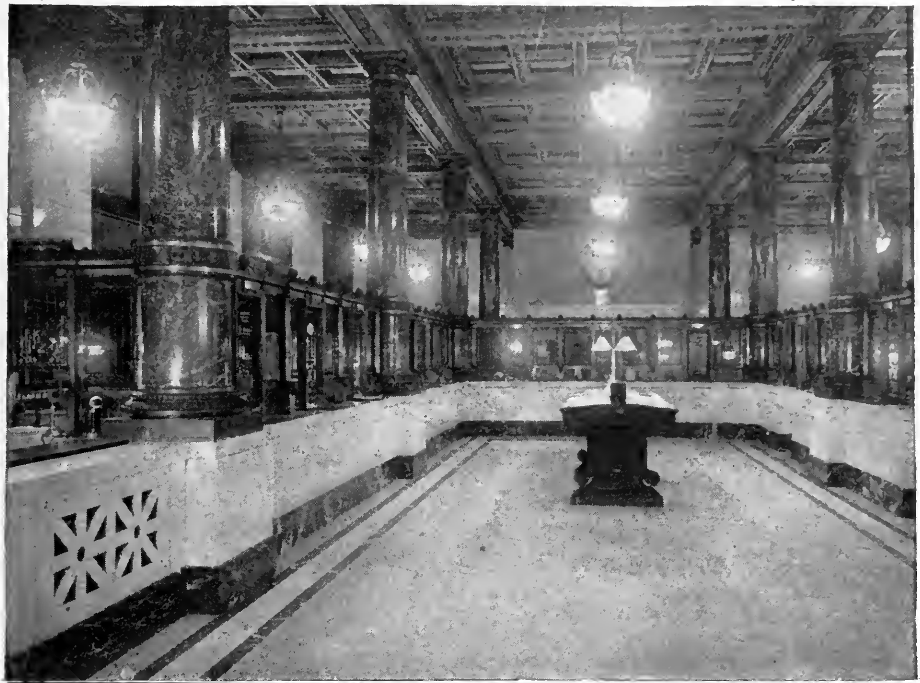
SOUTHERN STATES

—Stockholders of the City Bank and the National State of Richmond have ratified the proposed consolidation of the two institutions. It has been decided to increase the board of directors of the National State Bank from nine to fifteen, in order to accommodate the representatives of the City Bank interests and to add two vice-presidents to the official staff. The capital stock of the new bank will be $1,000,000, and the name will be the National State and City Bank of Richmond.

—Negotiations for the merger of the Bank of Richmond, Va., with the National Bank of Virginia, have been practically completed. For a time, at least, the new National Bank of Virginia, after consolidation, will occupy the banking house of the Bank of Richmond at Ninth and Main, one of the most attractive banking houses at one of the principal business corners of the city. Later the board of directors will consider the erection of a skyscraper either on the present site of the Bank of Richmond or at Eleventh and Main, where the National Bank of Virginia occupies a three-story building and where it owns adjacent property large enough for an immense modern structure.

William M. Habliston, now president of the National Bank of Virginia, will be president; John Skelton Williams, president of the Bank of Richmond, will be one of the vice-presidents, and W. Meade Addison, now cashier of the National Bank, will be cashier. The Bank of Richmond has no one at present filling the office of cashier, H. A. Williams being assistant cashier. Frederick Nolting, formerly vice-president, has gone to the First National of Richmond as second vice-president.

The total capital stock will be $1,200,000,



with a surplus of $600,000. Thus the new National Bank of Virginia will have a larger capital than any other banking house in the city, and will be one of the strongest financial institutions in the South.

—Frederick E. Nolting, the newly elected second vice-president of the First National Bank of Richmond, Va., was born in Rich-

FREDERICK E. NÖLTING
Who has become Second Vice-President of the First National Bank of Richmond, Va.

mond, December 6, 1872. He attended the University of Virginia, three years, and in 1893, began his business career with his father's firm, E. O. Nolting & Company, tobacconists. Later he became associated with his brother, the late W. Otto Nolting in the tobacco business. During a part of that time he was vice-president of the National Bank of Virginia.

Mr. Nolting's active banking career did not properly begin until 1904, when he took charge of the Richmond Trust and Safe Deposit Company as vice-president, just prior to the organization of the Bank of Richmond by consolidation of the Richmond Trust & Safe Deposit Company and the Metropolitan Bank of Virginia. From that day up to the present time, he has been first vice-president of the Bank of Richmond. He was for a number of years a director in, and treasurer of, the South Atlantic Life Insurance Company, and is still on their board. Mr. Nolting is also a representative of the Belgian Government as consul with jurisdiction over Virginia and West Virginia, a position he fills capably.

—The American Savings Bank of Roanoke, Va., has been taken over by new interests and will be converted into a national bank with a capital stock of $500,000. G. T. P. Cooper will be president of the new institution.

—The Bank of Baton Rouge, La., on June 1 celebrated its twenty-first anniversary by enlarging its capital to five times the original amount paid in. With the declaration of a dividend of 400 per cent., the capital was increased to $250,000, and a surplus of $125,000 was provided. How successful the bank has been may be judged from the fact that up to the time the capital was increased to the present figure the stockholders had received dividends aggregating 220 per cent. In adition to the 400 per cent. dividend for the capital increase, a further dividend of seventy per cent. was declared out of the accumulated profits. The officers are: W. J. Knox, president; O. B. Steele and Joseph Bebelin, vice-presidents; Eugene Cazedessus, cashier.

—The First National of El Paso, Texas, the oldest financial institution in the city,

has been merged with the National Bank of Commerce, the consolidation to take effect July 15. The combined capital of the two banks is $800,000, deposits about $4,000,000, and resources of $5,000,000.

—Liquidation of the American National of Houston, Texas, has been decided on by the directors of that institution, the business being taken over by the Lumberman's National of that city. W. E. Richards, president of the American National, will go to the Lumberman's National as a director and honorary vice-president, and Horace H. Wilkins, assistant cashier of the American, will be made an assistant cashier of the Lumberman's. The Lumberman's National guarantees all the deposits of the liquidating institution.

The American National was organized about five years ago as a State institution, under the name of the American Bank & Trust Company. In May, 1907, W. E. Richards, one of the incorporators of the Lumberman's National and vice-president of that institution, was called to the American National to assume the office of president, made vacant by the death of C. A. Beasley. Soon afterward the bank became a national institution and the capital stock was raised from $100,000 to $250,000.

The Central Bank & Trust Company of Houston has also decided to liquidate through the Lumberman's National. An interesting feature of this liquidation is that only a short time ago the Union Bank & Trust Company of Houston, the largest State bank on the books of the department of insurance and banking, gave notice that it had merged into the Union National. When the affairs of these two banks get in shape for them to ask the State Banking Board to refund their payment into the bank guaranty fund, they will be entitled to a return of $46,774. Of this amount, $43,090 will go to the Union Bank & Trust Company and $2,684 to the Central Bank & Trust Company. At present the bank guaranty fund amounts to $400,979 and the deduction of $46,774 will reduce the fund to $354,205.

—John E. McMillan has replaced C. M. Cooley as cashier of the Third National Bank of Knoxville, Tenn. Mr. McMillan had previously been assistant cashier.

—Brief mention only was made in our last issue of the official changes brought about in the Gulf National Bank of Beaumont, Texas, through the death of A. L. Williams, president. R. A. Greer, who now has the presidency, is a prominent member of the law firm of Greer and Nall, Beaumont. He is well and favorably known and his acceptance of the important office of president has given universal satisfaction.

It is upon P. B. Doty, the new vice-president and cashier, however, that the task of promoting the bank's interests will fall, but Mr. Doty, with his intimate knowledge of every phase of banking and because of his long association with the deceased president, is competent to take up this work.

In 1903, one year after the organization of the Gulf National Bank, Mr. Doty was assigned to the collection window; within a few months he was made second assistant cashier. Then as he displayed the ability, he was appointed first assistant cashier, later cashier, and now is the active vice-president and cashier.

The Gulf National had deposits of between $400,000 and $500,000 when Mr. Doty became one of its employes; to-day the bank has more than $1,500,000 of deposits. It

is capitalized for $150,000, has surplus and profits of $165,000 and has paid dividends of $65,000.

—The conversion of the Broadway Bank & Trust Company of Nashville into the Broadway National Bank was perfected June 8. With the change to the federal system the institution has increased its capital from $100,000 to $200,000. W. T. Hardison continues as president, with J. H. Bradford as vice-president and A. E. Potter, cashier. The bank began business in July, 1906.

—T. O. Vinton has been elected president of the Bank of Commerce and Trust Company of Memphis, Tenn., succeeding O. H. P. Piper, who is retiring from active business life after a long and notably successful career. As a vice-president Mr. Vinton has long been actively connected with the bank and is well-known in commercial life in Memphis. His position as vice-president was filled by the election of E. L. Rice, formerly cashier. The other officers are: R. Brinkley Snowden, vice-president; James H. Fisher, secretary; L. S. Gwyn, assistant cashier; S. J. Shepherd, trust officer, and G. A. Bone, auditor.

MIDDLE STATES

—The State authorities of Illinois have granted a charter for the organization of The Saving Bank & Trust Company of the Republic, with headquarters in Chicago. The capital will be $1,000,000, and ownership will held by the stockholders of the National Bank of the Republic, in connection with which stalwart financial institution the new company will be operated. Its location will doubtless be in the New York Life Building, in intimate association with the controlling bank; and it is expected that this new auxiliary trust and savings bank will commence operations by early fall.

—Charles S. Castle, formerly acting cashier of the Continental National Bank of Chicago, and who resigned the position of assistant cashier of the Continental and Commercial National Bank for the purpose of starting a new bank, has been granted a permit by State Auditor McCullough to organize the Standard Trust and Savings Bank of Chicago. The permit was issued to Mr. Castle, Jesse R. Long and Charles S. Kidder, and the institution will have a capital of $1,000,000.

—Chicago banks will pay about $1,750,000 in quarterly dividends on their stock the first of July. This is a considerably larger amount than they ever paid before. The increase is due to the fact that some of the more prominent banks have enlarged their capital and several of the others have raised their dividend rates.

Six of the larger banks will contribute $1,245,000 to the dividend total for July. The First National will pay $400,000 as four per cent. on its increased capital of $10,000,000, part of the amount coming from the dividend of the First Trust. The Illinois Trust will pay $250,000, which includes the regular four per cent. and the one per

cent. extra on $5,000,000 of capital. The Continental will distribute to its stockholders $225,000 as two and one-half per cent. on its $9,000,000 capital and the Commercial will pay $160,000 as two per cent. on its $8,000,000 capital. The Corn Exchange will pay out $120,000 as four per cent. on its $3,000,000 of stock and the Merchants' Loan will distribute $90,000 as three per cent. on its $3,000,000.

After the consolidation of the Continental and the Commercial their dividend will be increased to $500,000 a quarter, as compared with $385,000 for the two as at present. It is the intention to pay ten per cent. a year on the enlarged capital—$20,000,000.

—There is a probability that at the end of the year the Merchants' Loan and Trust Company of Chicago will increase its dividend to sixteen per cent. a year. The matter has been discussed informally by some of the directors. The earnings of the bank warrant the increase and the stock is selling at about the same price as is quoted for other bank shares that are drawing sixteen per cent.

—R. H. Brunkhorst has been appointed assistant cashier of the North West State Bank of Chicago. The institution has declared its third quarterly dividend of one per cent., payable July 1 to stockholders of record June 25. It has a capital of $200,000, and on March 30 had undivided profits of $13,022. The deposits, which on that date were $646,000, increased to $765,000 on June 13. The bank was founded in 1905 as the North West Savings Bank and was organized as a State institution in 1909.

—At the end of its third year of existence the National Bank of Commerce of Detroit has transferred $100,000 from undivided profits to the surplus account, which is thereby raised to $250,000. The capital is $750,000. This enviable record has been made in spite of adverse business conditions during the first year of the bank's career, which included the period of the 1907 panic. The showing reflects great credit on the officers and directors, especially the president, Richard P. Joy, and cashier Henry H. Sanger. The deposits aggregate nearly $6,000,000, and dividends are being paid at the rate of six per cent.

—Heber W. Curtis, cashier of the First National of Petoskey, Mich., and a son of W. L. Curtis, president of the First National, has left that institution to become cashier of the Grand Rapids National. Mr. Curtis has been connected with the First National of Petoskey in official capacities since its organization in 1900.

—The Merchants and Savings Bank, the new financial institution of Madison, Wis., opens its doors for business June 20. The capital stock of $50,000 has been paid in. The officers are: President, A. M. Stondahl; vice-president, T. C. McCarthy; cashier, Milo C. Hogan; other directors are E. Ray Stevens, George H. Brietenbach, A. G. Kroncke, Ben Mautz, and Henry A. Loftsgordon.

—George B. Durant, assistant cashier of the Deshler National Bank of Columbus, Ohio, has been elected assistant cashier of the Commercial National Bank of that city. Mr. Durant had been identified for twenty years with the Deshler National, which is to consolidate with the Hayden-Clinton National.

—William P. Kennett, first vice-president of the German-American Bank of St. Louis, has been chosen president of that institution to take the place of August Gehner, who died recently. Mr. Kennett has been vice-president for several years and is a gentleman of wide experience in financial and business affairs. He has been a member of the D. R. Francis & Brother Commission Company for many years; he served a term as president of the Merchants Exchange of St. Louis, and is identified in a number of ways with the business world and material

growth of this city. His varied knowledge and progressive ideas will make him a model head for such a strong banking house.

Louis Brinkworth, formerly second vice-president, was elected first vice-president, and William F. Nolker, one of the board of directors, was elected second vice-president; while L. F. Placke was re-elected cashier, all gentlemen who are financiers of ability with large acquaintance in banking and mercantile circles.

—J. B. Pollard, heretofore vice-president of the Gate City Bank of Kansas City, Missouri, has become president of the institution, succeeding J. P. Kanoky.

—After perhaps what was one of the most hotly contested elections ever held in a convention of the Iowa Bankers' Association, John McHugh of Sioux City, was elected president of the organization by forty-six votes over his opponent, S. M. Leach, of Adel. For vice-president George D. McKinnon of Des Moines was unanimously elected. The twenty-fourth annual convention was held this year in Des Moines, June 16 and 17, and was well attended. Col. Farnsworth, Gov. Carroll of Iowa, and Hon. Leslie M. Shaw, were among those who addressed the convention.

WESTERN STATES

—Ardmore, Okla., is booming just now, due in a large measure to its splendid commercial club and to the efforts of the Ardmore State Bank. This progressive institution has a capital of $25,000, surplus and profits of $10,232, and total resources of $357,992. Its deposits on the opening day, June 1, 1908, were $18,575; to-day they will run over $306,000. The officers are: C. T. Barringer, president; E. A. Walker, vice-president; Harold Wallace, cashier; F. C. Carr, assistant cashier.

—The increase of national bank deposits in Oklahoma City, for the past nine months, is a sum greater than the total deposits of all the state banks in that city.

—On April 24, 1901, the First National Bank of Muskogee, Okla., reported deposits of $158,000; on March 29 of this year the bank reported deposits of $1,914,440. This evidence of solid growth is further augmented by the information that dividends of over $600,000 have been paid. The First National's capital is $250,000 and its surplus $100,000.

—The Inter-State Savings Bank of Denver, Colo., has increased its capital from

$50,000 to $100,000. The new stock was sold at $140 per share, and the entire issue, it is reported, was taken by the present shareholders, of whom the Denver "Republican" states there are but seven, all of whom are officers and directors.

—A report from Omaha, Neb., that Armour and Cudahy bank interests there were to be consolidated has been confirmed.

The new bank will be known as the Omaha Union Stock Yards National Bank, and will begin business October 1 next, with a combined capital of $750,000, a surplus of $250,000 and $7,000,000 deposits.

President Bostwick will be the head of the new bank, which absorbs the South Omaha National and Union Stock Yards National.

J. Ogden Armour, Michael Cudahy and R. J. Durham of Chicago and E. A. Cudahy of Ohama will be on the board of directors.

No significance is attached to the consolidation, which merely means economy in administration, and indicates friendly relations between Armour and Cudahy interests.

—B. F. Clark, president of the Commercial Bank and Trust Company, of Fort Collins, Colo., has disposed of his control in that institution and has secured control of the Colorado State and Savings Bank of Denver, Colo., of which institution he is now the executive officer, with title of vice-president. L. C. Moore was elected president of the Fort Collins Bank, to succeed Mr. Clark, at the annual meeting May 31.

The retiring president did not dispose of his stock, which he considers too good to sell. He will also retain control of two other Northern Colorado banks, in which he is now interested—the State Bank of Nunn, of which he is president, and the Farmers' Bank of Timnath in which he is a heavy stockholder and director. He will remain on the directory of the Commercial Bank and Trust Company although compelled, because of his new connection, to make his home in Denver.

The Colorado State and Savings Bank, with offices in the Majestic Building, in Denver, is a comparatively new institution. William A. McCutcheon is president, but Mr. Clark will be an active executive officer.

—The First National of Idaho, at Boise, which is the second oldest banking institution between Denver and the Coast, has just increased its capital from $100,000 to $200,000. This change has been caused by the rapidly growing business. A number of prominent men will be added to the list of stockholders. C. W. Moore, who is now president of the bank, was the first cashier of the institution, taking that office when

it was first organized in 1867, and is now the only one of the original incorporators alive. The First National of Idaho ranks among the soundest and best known financial institutions of the Northwest.

PACIFIC STATES

—National Bank of Commerce of Spokane, of which F. M. March, formerly of Minneapolis, is president, reports deposits of $600,000 and loans of $500,000. The bank was organized on November 24, 1909, with a capital of $200,000, and has been unusually successful.

—Immediate steps to nationalize the banking house of Dexter Horton & Co., of Seattle, were authorized at a meeting of the directors of the bank held recently. The name Dexter Horton National Bank was reserved some time ago in a preliminary application for a charter in which the capitalization was placed at $1,000,000. "The trustees have deemed it wise to nationalize the bank," said Manager N. H. Latimer. "While the institution has prospered since its establishment, we feel that the time has come when it is wise to operate under a national charter."

—Rapid growth of business and desire to widen its sphere of operations have induced the stockholders of the First National of Portland, Ore., to treble its paid-up capital, raising it from $500,000 to $1,500,000. The combined capital and surplus is now $2,500,000 making it the strongest financial institution in the Pacific Northwest. The additional money has already been advanced by the Ladd, Corbett and Failing Estates and by Jacob Kanm and L. H. Wakefield. For some time the First National has been figuring on such a move for the reason that there are several big business enterprises in sight which it has been unable to handle because of the restrictions of the National bank act. While it is currently rumored in local financial circles that the First National has taken this step preliminary to moving farther up town and occupying a building of its own nearer the new centers of business, this is emphatically denied by Henry L. Corbett, vice-president and one of the principal directors.

—The absorption of the San Francisco National Bank of San Francisco by the Bank of California, National Association, is planned. A special meeting of the stockholders of the San Francisco National will be held on July 7 for the purpose of acting upon the proposition of placing their institution in voluntary liquidation and transferring its assets to the Bank of California, N. A. The latter has a capital of $4,000,000 and deposits of over $28,000,000, and the San Francisco National a capital of $1,000,000 and deposits of about two and three-quarter million dollars. The Bank of California is to increase its capital from $4,000,000 to $8,500,000; of the increased amount $4,000,000 will represent the capitalization of surplus and undivided profits. The present shareholders of the Bank of California are to receive 40,000 shares of the new stock, the other 5,000 shares being used as part payment for the assets of the San Francisco National. In addition to this allotment of 5,000 shares to the latter's stockholders, the Bank of California will pay for the 10,000 shares ($1,000,000 capital) of the San Francisco National the sum of $375,000. C. K. McIntosh, vice-president of the San Francisco National, and F. W. Wolfe, its cashier, will become vice-president and assistant cashier, respectively, of the Bank of California, N. A. The stockholders of the Bank of California will ratify the plans with respect to the consolidation on July 12.

—James K. Wilson, president of the San Francisco National Bank of San Francisco, and Charles L. Davis, assistant cashier of that institution, have been elected vice-president and assistant cashier respectively, of the Wells-Fargo Nevada National Bank. As noted above, arrangements have been made for the merger of the San Francisco National with the Bank of California, N. A. Victor H. Rossetti, heretofore chief clerk of the Wells-Fargo Nevada National, has also been made an assistant cashier of that institution.

—After July 1, C. F. Hamsher, heretofore cashier of the Bank of South San Francisco, becomes assistant cashier of the Savings Union Bank of San Francisco, a well deserved promotion.

ROYAL BANK OF QUEENSLAND, LTD., FORTYNINTH ANNUAL REPORT

NET profits for the half year amounted to £14,038; profit and loss account shows a credit balance of £14,038. The reserve fund is now £74,500.

IMPERIAL BANK OF CANADA HOLDS ANNUAL MEETING

THE thirty-fifth annual meeting of the Imperial Bank of Canada was held in Toronto, May 25. Net profits of the bank for the year ended April 30, amounted to $702,508. The capital stock has been increased $1,000,000, as authorized, to be allotted to shareholders of record April 30, 1910, at one hundred per cent. premium.

Dividends at eleven per cent. per annum

amount to $550,000; written off bank premises, $48,851; annual contribution to employes' benefit fund, $7,500. Balance at credit of reserve fund, $5,000,000.

BANKS CLOSED AND IN LIQUIDATION

KANSAS.

St. Marys—National Bank of St. Marys; in liquidation May 31.

KENTUCKY.

Paducah—American-German National Bank; in liquidation May 28.

MAINE.

Bath—Marine National Bank; in liquidation April 27.

WASHINGTON.

Seattle—Puget Sound National Bank; in liquidation May 14.

TEXAS.

Houston—Merchants National Bank; in liquidation May 31.

Timpson—First National Bank; in liquidation May 20.

BOY TRAVELS AS FREIGHT TO BANK AS COLLATERAL

A RECENT news dispatch was sent out from St. Louis as follows:

One seven-year-old boy was received on a bill of lading at the Union station here recently over the Iron Mountain railroad from Monroe, La. He was consigned to a local bank as collateral for a board bill to be remitted to a bank at Monroe.

Mrs. J. J. Koontz, acting as agent for F. J. Kootz, father and owner of the boy, whose name is Arthur, called at the Union station for the consignment, but the railroad officials refused to deliver him to her because she was not the consignee named in the bill of lading. The boy, still tagged, was taken to the bank in a taxicab.

A disputed board bill incurred by the boy being in Monroe for seven months caused the bill of lading to be issued. When the boy reached the bank the amount due was paid and the boy was turned over to his parents.

A BETTER DAY'S WORK

THIS is the title of a widely read book published by the Burroughs Adding Machine Company of Detroit, Mich.

The fourth edition contains a wealth of accounting helps and business short-cuts. The book reflects actual experience in business, and is unique in that it does not stick too closely to theories.

A copy will be mailed to any who send their name, full address, with business connection, to the Burroughs Company at Detroit.

BERGER MANUFACTURING COMPANY OF CANTON, OHIO, SECURES NEW ADVERTISING MANAGER

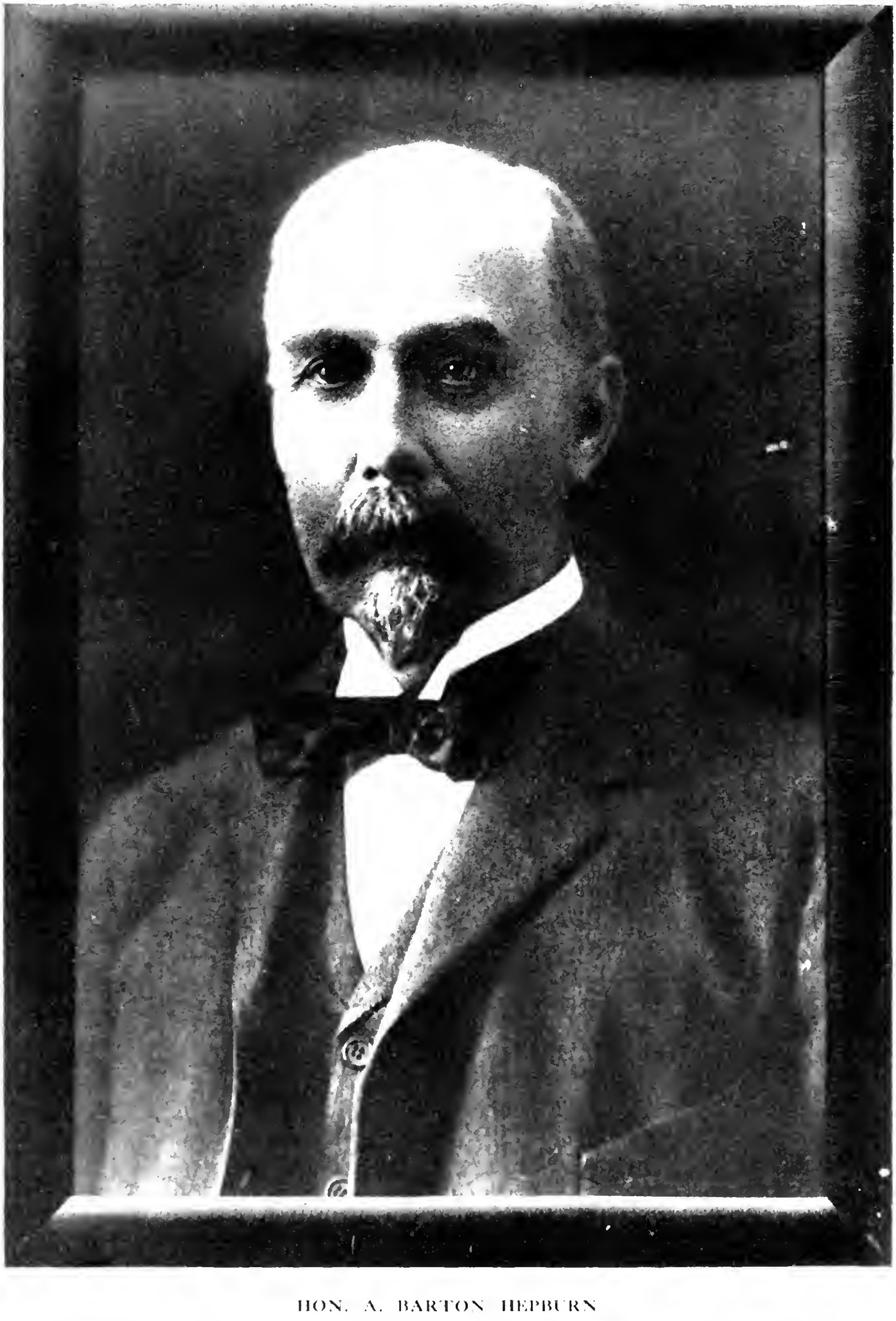
THE death of Mr. Wallace of the advertising department of The Berger Manufacturing Company of Canton, O., has caused some slight changes in the personnel of the staff. Mr. G. P. Blackiston, of Pittsburgh, Pa., has been appointed advertising manager to succeed Mr. Wallace, and it is understood that Mr. Blackiston will take several of Pittsburgh's best men to Canton with him, which will merely be an addition to the present large staff comprising the Advertising Department of The Berger Manufacturing Company.

Mr. Blackiston's rise in the advertising profession has been rapid. Just three years ago he was publicity promoter for an automatic machine tool in which he was financially interested. The phenomenal success of the campaign made such an impression than many other manufacturers sought his services in this direction. To-day Mr. Blackiston stands as a sort of consulting specialist in the advertising field and has controlled the publicity campaigns of some of the largest firms in the country.

The Berger Company covers the entire field of sheet metal products from the sheer to the finished article, and Mr. Blackiston's appointment is a tribute to his well-known mastery of metallurgy. He assumed his new duties June first.

DATES OF COMING CONVENTIONS

Association.	Date	Place	Secretary	
A. B. A.	Oct. 3- 7	Los Angeles	F. E. Farnsworth	New York
Arizona	Nov. 11-12	Phoenix		
New York	July 14-16	Cooperstown	Wm. J. Henry	White Plains
Washington	July 21-23	Hoquiam-Aberdeen	P. C. Kauffman	Tacoma
Wisconsin	Aug.. 17-18	La Crosse	Geo.D. Bartlett	Milwaukee
Pennsylvania	Sept. 6- 7	Bedford Springs	D. S. Kloss	Tyrone
Indiana	Sept. 14-15	Evansville	Andrew Smith	Indianapolis
Colorado	Sept. 27-29	Grand Junction	G. L. V. Emerson	Silverton
Illinois	Oct. 26-27	Cairo	R. L. Crampton	Chicago



HON. A. BARTON HEPBURN

Former Comptroller of the Currency; President Chase National Bank, New York; President National Currency Association of the City of New York

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR AUGUST, 1910 VOLUME LXXXI, NO. 2

THE CENTENNIAL OF OUR NEIGHBORING REPUBLIC

WHEN President DIAZ gives the *grito* from the balcony of the National Palace in Mexico City on the night of September 15, it will mark the one hundredth anniversary of the date on which that cry was first raised by the Patriot HIDALGO at Dolores.

But while Mexico threw off the Spanish yoke a century ago, its subsequent history was for many years thereafter anything but a happy one. While occasionally there were rulers like BENITO JUAREZ who were patriots and statesmen, the country was frequently subjected to ruinous exploitation by domestic and foreign despots. It was not until after the close of our own Civil War that the foreign invader was finally expelled and a reign of permanent peace inaugurated.

The history of Mexico as a modern State really began with the accession of General DIAZ to the Presidency in 1876. He has held that office ever since, except for the term from December, 1880, to December, 1884, when General MANUEL GONZALEZ was President.

Whatever criticisms may be justly made of DIAZ, one fact remains—he has given his country for over thirty years a peaceful and orderly form of government, something the country hardly had before his accession to power, and something that it sadly needed.

When General DIAZ became President, Mexico had less than four hundred miles of railway, against more than 15,000 miles at the present time. And this development in railway building has been paralleled in other lines of progress, as it has been our pleasure to observe very recently by visits to various parts of the Mexican Republic.

General DIAZ is supported in his administration by men of exceptional character and ability. Mr. LIMANTOUR, the Finance Minister, has done much to preserve the country's credit and to save Mexico from the dangers of unsound finance. Mr. CREEL, who recently succeeded the lamented MARISCAL as Minister of Foreign Affairs, is well known in the United States, having served for a time as the Mexican Ambassador at Washington. He is one of Mexico's great and patriotic sons.

The man who as soldier and statesman has rendered preëminent service to his country by inaugurating and preserving an era of peace, thus giving his people an opportunity to develop character, acquire education and to get and to hold property, is General DON PORFIRIO DIAZ, the builder of modern Mexico.

The cry of *"Viva Mexico!"* that will

resound through the streets of the beautiful southern capital on the night of September 15 will be cordially reëchoed in the United States.

NEW YORK BANKERS' CONVENTION

ONE could hardly find fault with the bankers who attended the recent annual convention of the New York State Bankers' Association at Cooperstown if they were disposed to give themselves up to enjoyment rather than to business. In a State noted for many beautiful localities it would be difficult to find one that surpasses Cooperstown on the shores of Otsego Lake, immortalized by the genius of JAMES FENIMORE COOPER. The bankers of New York, we feel sure, were unanimous in the opinion that a happy choice had been made for their annual convention.

The real work of the convention began with the address of President LEDYARD COGSWELL. In speaking of present business conditions, Mr. COGSWELL said that if let alone, the business men would soon show that they were capable of placing their feet on solid ground.

Hon. EDWARD B. VREELAND, the Chairman of the Banking and Currency Committee of the House of Representatives, spoke in favor of a central bank. He declared that we are bound to have centralization, in one form or another, and gave it as his opinion that the more efficient form was the central bank.

Mr. VREELAND, in reviewing the Postal Savings Bank measure and the opposition to it, said, very justly as we believe, that the bankers were too late in beginning their fight.

It will probably be the same with currency and banking legislation. Once the leaders of the party determine upon a certain course it is pretty apt to be carried out, whether the bankers like it or not. But the bankers by carrying on a campaign continuously can undoubtedly have great influence in shaping public opinion.

Mr. VREELAND declared that our bank notes should rest upon gold and commercial paper. We wish that he might also have emphasized the necessity of basing all our bank credits upon gold, for that, in our view, is of far greater moment than the central bank, and is indeed the indispensable condition of a healthful progress of banking and general business. We know the difficulties in the way of this reform, but they are not insurmountable.

One of the most delightful features of the convention was the banquet on the evening of July 14. The speaking was of an unusual order of excellence. Mr. DAVID R. FORGAN, president of the National City Bank of Chicago, made the principal speech, and proved himself to be as good a speaker as he is a banker—which is saying a great deal, as the bankers of the country well know. Hon. WM. A. PRENDERGAST, Comptroller of the City of New York, spoke interestingly on the city's finances.

At the second day's session, Hon. O. H. CHENEY, Superintendent of the State Banking Department, made an able address on the subject of "Bank Supervision."

The banks of Cooperstown were active in making the convention a notable success from the social point of view.

RESERVE LENDING POWER

DISCUSSION of our banking and currency problems has emphasized the necessity of having somewhere a reserve of lending power. Professor SPRAGUE, of Harvard University, has recently called attention to this

fact. He says that this reserve should be found in the central money market.

Elasticity of the currency has received much more study than elasticity of lending power, though the latter is of far greater importance. Indeed, a great deal of the withdrawal and hoarding of currency arises from the fear that banking credit may no longer be procurable.

While expansion, either of bank deposit credits or of bank notes continues unchecked, there can be no elasticity.

A reserve power, either of loan credits or of notes, implies the existence of a power not used to its full limit at all times.

Elasticity can not exist without contraction as well as expansion.

Simple as this statement appears, it is lost sight of by most of those who propose banking and currency reforms.

Elasticity depends less upon the banking machinery than upon the character of the reserves for notes or other bank credits. The foundation must be elastic.

If bonds are accepted as a basis for currency this elasticity can not be looked for, since the supply of bonds may be either insufficient or redundant. If other than Government bonds are admitted, the supply will be almost certainly excessive. But in either case the volume of bonds has but little relation to business activity and bears practically no relation to the demands for currency.

And if legal-tender notes, silver or bank notes be accepted as a basis for bank loans, that is, if they be used as reserves, credit elasticity is impossible. For the amount of legal-tender notes and silver is fixed, neither increasing nor decreasing, and the bank notes (which are now used as reserves to a considerable extent) practically never decrease, although they do increase.

At present our bank notes are upon an inelastic basis and a very large part of our bank loans also rests upon a similar foundation.

We shall not get elasticity of credit or of notes until gold and gold alone is made the basis of our note issues and our bank credits of all kinds.

If the foundation of these credits were gold, it would be elastic, increasing with gold imports and a gain in gold production and decreasing with a falling off in gold production and the exportation of gold.

There are, of course, other secondary means of supplying elasticity. The banks that lend to the limit of their ability when money rates are low will have nothing to fall back on when the demand is strong and interest rates are high. In other words, there must be a class of banks that in "ordinary times" will keep a high reserve.

As Professor Sprague says, this reserve of lending power should be in the central money market. Perhaps in a country like the United States it should be in several of the principal money markets.

This leads to the conclusion that there should be in the central reserve cities (and we believe in San Francisco and New Orleans also) a number of banks of large capital specially equipped for performing reserve functions, carrying large reserves, holding the deposits of the Government, and empowered to issue their credit notes.

With all the bank credits of the country based upon gold, and with the central reserve banks properly equipped as indicated above, it would be found that credit expansion would be afforded by fluctuations in the supply of gold, and by the handling of their lending operations by the central reserve city banks with more relation to the general interests of the community than to their own aggrandizement. The privileges accorded these banks might be an adequate compensation for this service.

THE AMERICAN BANKERS' ASSOCIATION

AS the time approaches for holding the annual convention of the American Bankers' Association, it becomes pertinent to enquire as to the efficiency of this organization in representing the banking interests of the United States.

Nearly half the bankers of the country are now members of the American Bankers' Association. The resources of the member banks are several billions of dollars.

Is the association doing a work commensurate with its membership and the large annual revenue derived from the banks of the country?

When the Aldrich-Vreeland bill was pending in Congress two years ago, a committee of the American Bankers' Association opposed it. The opposition had no effect.

When the Postal Savings Bank bill was before Congress recently, a committee of the association worked to defeat the bill, but to no purpose.

In these two important pieces of legislation, both of great importance to the banks of the country, this great and supposedly powerful organization was too weak in its opposition to defeat measures which most of the bankers of the country regarded as vicious and unnecessary and detrimental to the banks.

It is believed that if the American Bankers' Association had taken the proper course, at the right time, both these measures might have been defeated, and that long ere this a currency and banking law could have been enacted that would have immensely benefited the banks and would have put the whole business system of the United States upon the highest attainable point of stability.

The American Bankers' Association has, thus far, commended itself to the bankers of the country chiefly through its burglar-catching activities. While the discouragement of burglary and forgery is commendable work, which has no doubt saved the bankers several hundred thousands of dollars, it is believed that the provision of a sound and safe banking and currency system would have been of far greater importance, and that it would save billions of dollars to the bankers, the manufacturers and the merchants of the United States.

We would not have the association become less energetic in hunting down and prosecuting the burglar and the forger.

We recognize fully what the association has done in securing legislation regarding bills of lading, uniform negotiable instruments, the educational work of the American Institute, etc., etc. All this is excellent work and redounds greatly to the honor and credit of the American Bankers' Association.

The association effectively fought the free-silver craze, and has done much through its conventions to instruct the bankers on all matters relating to banking and currency.

We would not wish to abate anything whatever from the high credit which the American Bankers' Association deserves because of these and many other worthy achievements.

But the supreme work yet remains to be done by the American Bankers' Association—to inaugurate and carry to successful conclusion a campaign of education that will result in unifying our heterogeneous banking and currency system into something that will fairly represent the intelligence, enterprise and progress of the American people, and that will efficiently serve our production and trade and that will not break down either in times of prosperity or adversity.

If the American Bankers' Association will not fritter away its energies on trivialities, and take up this great work

in earnest, success can be achieved without a doubt.

The great financiers of the country—for exactly what reason we do not know—have been and are largely indifferent to the American Bankers' Association. It is believed that if the association will take up the work indicated, the coöperation of these men may be enlisted.

It is likely that important action will be taken by Congress before long that will affect our banks and the currency. Whether this action shall be beneficial to the banks and business interests or the reverse will depend largely upon the attitude of the American Bankers' Association.

If this organization would continue to command the respect of the bankers of the United States it must act wisely and energetically in the present situation of financial and banking affairs.

CLOSER ASSOCIATION AMONG BANKERS

SECRETARY MACVEAGH in a recent address advised the bankers to form national currency associations, as provided for in the Aldrich-Vreeland Act. It will be recalled, as the Secretary of the Treasury pointed out, that immediately after the passage of this act in May, 1908, there was a movement among the banks of the country to form such associations. But this movement collapsed when it was found that there was no way for a bank to get out of an association once it had become a member.

It would be of immense benefit to the banks and to the business interests of the country generally if the banks could unite in a local or district organization for carrying out certain work in which concerted action is essential. The least of these purposes, however, would be the issuing of bank notes. There are many other matters of far greater importance, such as payment of interest on deposits, charges on collections and the more efficient examination of banks. In fact, if the banks were united in some form of district organization adequately equipped for making its decrees effective, the whole banking situation would be vastly improved.

In a country lacking the branch banking system, and where a central bank seems to be politically impracticable, even if it were desirable, some form of effective organization among the banks is highly desirable.

Possibly the existing clearing-house associations might be adapted to meet this need, but if not something else should be devised.

The national currency associations authorized in the Aldrich-Vreeland Act are wholly inadequate to meet the present requirements. Mr. FOWLER has proposed a much better form of organization. This is a field in which the practical knowledge of the banker would be especially serviceable. If the American Bankers' Association could be induced to give some attention to this important problem, a special committee might devise a plan of district bank organization to deal with the issue and redemption of notes, the clearing of checks, regulation of interest on deposits, bank examination, and other matters affecting the banking interests.

The formation of efficient district organizations, probably affiliated with a central body, would afford a regulating force much more efficient than a central bank, without the objections attaching to the latter.

PRODUCTION AND CONSUMPTION

ADDRESSING the last annual convention of the Minnesota State Bankers' Association, President W. C. BROWN, of the New York Central Lines, dwelt on the high cost of living and the causes therefor. While ad-

mitting that the great increase in the production of gold had been influential in raising prices, he thought that a much more important factor was to be found in the failure of our farms to add to their production in proportion to the gain in population and consumption. Comparing the year 1909 with the year 1899, Mr. Brown showed that the acreage devoted to agriculture increased twenty-three per cent.; production increased thirty-six per cent., while population (consumption) increased sixty per cent.

"It does not require," he said, "the experience of a railroad man to know that with one train—representing production—running at the rate of thirty-six miles an hour, followed by another train—representing consumption—running at the rate of sixty miles an hour, either the leading train must be speeded up, the following train slowed down, or disaster is only a question of time."

President Brown does not believe that population and consumption will be slowed down. And if disaster is to be avoided there must be an increase in production.

The motive that induces production of farm commodities is precisely the same as that behind every other kind of business—profit. Is it not rather certain that the increased cost of farm products will tend very shortly to correct itself? Has that tendency not set in already? A New Hampshire banker said to the editor of this Magazine recently that in his part of New England there were many farms a few years ago that could be bought for a song. Now these farms had all been withdrawn from the market and were not to be had at any price. Travelling over a considerable part of New England lately, we have looked for the "abandoned farms" described in our popular magazines. We had expected to see old houses and barns rotting and falling to pieces and surrounded by an air of melancholy and decay. Nothing of the kind is to be seen. On the other hand, the farmhouses and barns are large and in fine repair, the farms productive and well-kept, and the farmers almost universally prosperous.

Mr. Brown made some comparisons of the yield per acre of certain farm products in this and other countries. With soil as fertile as any in the world, our output of several farm staples is less per acre than in some of the European countries.

Undoubtedly, the American farmer tries to do too much. He would rather have a section, a half section or quarter section of land than a modest eighty or forty acres, even though the smaller area might yield greater net results. Like a good many of our banks, the American farmer tries to do too much business for his capital. Mr. Brown has done a public service in calling attention to the imperfect methods of a good many of our farmers. His suggestion that the sum appropriated for at least one battleship be devoted to agricultural experiment stations is worthy of consideration. In fact, there is no more effectual preparation for war than the safeguarding of the national wealth. And the wealth of the United States lies largely in the products of the farms.

DIVISION FORM OF BANK ORGANIZATION

As is well known, the First National Bank of Chicago—one of the very large and successful banks of the United States—has been conducting its business for several years under a division form of organization, corresponding to a classification of the bank's customers. The First National has found the plan highly successful and thoroughly satisfactory. It has been thought desirable, however, to

change the designation of the official in charge of the respective divisions from manager and assistant manager to vice-president and assistant cashier, these terms being better understood in this country.

The experiment made by the First National Bank of Chicago in separating its business into divisions corresponding to the respective lines in which its customers were engaged was an interesting one, and since its success has now been fully demonstrated it may be expected that other banks will adopt a similar plan. A method of this kind makes it possible for the various divisions of a bank to render the special service that would otherwise be difficult except where a bank was organized for the sole purpose of catering to a particular line—a plan that circumscribes the field of operations more than is desirable. The division form of organization affords full scope for a bank's activities, but combines this with the possibilities of specialization in the various divisions.

THE POSTAL SAVINGS BANK

FOR the first time in its history the United States, imitating foreign precedents, will soon have a postal savings bank.

It has been assumed that there exists in this country a vast hoard of money that the ordinary banks could not get but which will be brought out by the postal savings bank. If this shall be found to be the case, the new scheme will in that respect be of some use. But the same end might have been achieved in a better way—by making all savings banks safe, and by educating the ignorant as to the existence of thousands of safe banks to be found in all parts of the country. Of course, only the most ignorant persons will patronize the postal savings bank, for there are other banks just as safe that pay nearly or quite twice as much interest.

The postal savings legislation illustrates afresh the fact that most of our banking and currency legislation is involved in some kind of project for "taking care" of bonds of one kind or another.

When the national banking system was established, one of the avowed purposes was to provide a market for United States bonds. With the Government facing rebellion, it was natural and proper that every possible assistance be given in upholding the market value of the bonds that must be issued to prosecute the war. As an historic fact, however, it may be mentioned that the expectations in this direction were hardly realized. After the war closed, however, the act did greatly help in marketing the bonds.

The Aldrich-Vreeland Law was also a bond-boosting measure. This time the Government lent a helping hand to State, municipal and railway bonds.

And now the postal savings bank law is passed chiefly to get money for taking up the two per cent. United States bonds, which are threatened with depreciation below par.

Furthermore, the postal savings law will greatly stimulate the general bond market, because the banks in which postal savings funds are to be redeposited must put up bonds with the United States Treasury as security for these deposits. Some of the country banks, it is said, desire these deposits, but in order to procure them they will have to send to New York or other financial centers and buy bonds to put up as security for the deposits. These banks will have to pay a premium generally for such bonds, and thus when they get the postal deposits they will have less money than before. The policy of inducing commercial banks to invest in bonds tends to diminish the

power of these banks to fulfill the chief object of their creation, viz., to aid in carrying on the ordinary operations of production and trade.

We wish that it were possible to have financial legislation in this country with just one object in view—to provide a system that would be of benefit to all the people of the country.

When Congress gets done with legislating to bolster up the price of Government bonds—foolishly issued at a rate not representing the country's actual borrowing power—and when the State, railway and other bonds are sufficiently boosted up by act of Congress, may we then hope for banking and currency legislation based upon principle, and whose object will not be to sustain the price of anybody's bonds, but to benefit the people of the United States?

FORCING BANK LIQUIDATION

ANNOUNCEMENT was made recently that when the Comptroller of the Currency discovers that a national bank is being conducted in a manner that must, if not corrected, end in insolvency, the following course will be taken:

"First—That the bank, in accordance with the examiner's suggestions, be immediately placed in a satisfactory condition by the officers and directors then in charge.

"Second—That, if the officers and directors in charge are unable to place the bank in a satisfactory condition, it will be insisted upon that a new element of strength be brought into the board, or, in other words, that the bank be placed entirely under a new management.

"Third—That, if neither of the above suggestions can be complied with, the officers and directors will be urged to place the bank in voluntary liquidation, and if they refuse to recommend that such action be taken by the stockholders, the examiner will ask a committee of the representative shareholders to meet with him for the purpose of placing before them the result of his examinations.

"This committee will be asked by the examiner to consider whether it is not better for the shareholders to vote for voluntary liquidation and pay the deposit liabilities in full, while there is yet a chance to save a portion of their original investment in the capital stock of the bank, rather than to court an ultimate failure with not only a loss to depositors but an entire wiping out of the original investment of the shareholders, in addition to an assessment for varying amounts in the way of a double liability, to be assessed against their capital stock holdings. Under such circumstances it is the purpose of the Comptroller that the directors should be told that the advantages of voluntary liquidation are:

"That the depositors will be paid in full;

"That the shareholders have an opportunity to save a part of their original investment;

"That the dual liability on the capital stock holdings will be averted; and

"That the disgrace of another national bank failure will be avoided."

Whether the Comptroller has power under the law to force liquidation or not, it is certain that his recommendations to place the bank in liquidation can hardly be disregarded. That it would be better for the stockholders and depositors to liquidate a bank while there still remains something to be saved, rather than to continue a hopeless struggle against insolvency, hardly admits of argument.

THE UNITED STATES TREASURY—VIII*

By William Henry Smith

FOR the purpose of expediting the business of the public the Treasury Department is divided into a number of bureaus, each under the direction of a bureau head. The bureaus are subdivided into divisions, each charged with some specific part of the work of the bureau. The whole work is divided into three branches—the executive force, the auditing and the fiscal force.

The Executive Force.

The executive force consists of the Secretary, the three Assistant Secretaries and the chief clerk, each being assigned specific duties, the Secretary being over the whole. The Secretary is charged by law with the management of the national finances. He prepares plans for raising the revenue needed for the support of the government, and for the maintenance of the public credit. He grants all warrants for moneys drawn from the treasury for any purpose, on appropriations made by Congress. He also annually prepares for Congress estimates of the probable revenues and disbursements of the government for the ensuing fiscal year. He exercises a supervisory control over the erection of all buildings for public use and the coinage of money and the printing of paper currency of the government and for the national banks.

The management of the internal workings of the Department is divided between the three assistant secretaries, the Secretary maintaining a close oversight of the whole, and all the more important matters are submitted to him for final decision.

To Assistant Secretary A. Piatt Andrew is assigned the general direction and supervision of all matters relating to the duties and business in the following bureaus and divisions: Director of the Mint; the bureau of Engraving and Printing; the Secret Service division; the division of public moneys; the division of loans and currency; the division of bookkeeping and warrants; the division of printing and stationery, and the division of mails and files.

Assistant Secretary Charles D. Hilles has supervision and direction of the office of the supervising architect; the Bureau of Internal Revenue; the Bureau of Public Health and Marine Hospital Service; the office of the life saving service and the revenue cutter service.

Assistant Secretary James Freeman Curtis has direction of all matters connected with the customs service. When a new tariff law goes into effect the duties of the assistant having charge of this branch of the service are exceedingly onerous. It is a position requiring tact, firmness and sound judgment.

The chief clerk, Walter W. Ludlow, is the general executive officer of the Department, and is charged with the responsibility of the enforcement of departmental regulations general in their nature. He is the superintendent of all buildings occupied by the Department in the District of Columbia, and has charge of all expenditures for the care of all public buildings under the control of the Secretary of the Treasury. He also has the custody of the files, the records and the department library. He has, in a general way, supervision over the whole working force of the Department.

The Auditing Force.

The auditing force consists of the Comptroller of the Treasury, an Assistant Comptroller, and six auditors. Robert J. Tracewell, under the direction of the Secretary, prescribes the forms for keeping all public accounts except those relating to the postal service. Appeals from settlements made by any of the auditors can be taken to the Comptroller. He passes on all decisions made by the auditors construing originally, or modifying any former construction, of statutes, his decision being binding upon the auditors. In short, he has the immediate direction of the work of the several auditors in the settlement of claims against the govern-

* This concludes the series of articles on the United States Treasury. The first one was published in January.

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LEE McCLUNG
Treasurer of the United States

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LAWRENCE O. MURRAY
Comptroller of the Currency

WM. T. VERNON
Register of the Treasury

PHOTO BY CLINEDINST, WASHINGTON, D. C.

ROYAL E. CABELL
Commissioner of Internal Revenue

FISCAL FORCE

ment. He countersigns all warrants authorized by law to be signed by the Secretary of the Treasury. In performing his duties he is required to keep a close watch over all appropriations to see that none are exceeded. Formerly there were two Comptrollers, each having specific charge over certain disbursements from the treasury, but the office of Second Comptroller was abolished some years ago, and an assistant given the Comptroller. He takes supervision of such accounts as are designated by the Comptroller.

W. E. Andrews, Auditor for the Treasury Department, examines all accounts of salaries and incidental expenses of the Department, all accounts relating to the customs service, the public debt, internal revenue, the Treasurer and Assistant Treasurers, the mints and assay offices, the bureau of engraving and printing, the revenue cutter service, the life saving service, public health and marine hospital service, the public buildings and the secret service.

Benjamin F. Harper, Auditor for the War Department, audits and settles all accounts of salaries and incidental expenses of the office of the Secretary of War, and of all the bureaus and offices under the Secretary's direction; all accounts relating to the military establishment, armories and arsenals, national cemeteries, fortifications, public buildings and grounds, under the chief engineers, rivers and harbors, the Military Academy at West Point and the Isthmian Canal Commission.

The Auditor for the Interior Department, Howard C. Shober, passes on all claims for salaries and incidental expenses of the Interior Department; all accounts relating to the protection and survey of public lands; the expenses of the Geological Survey, army and navy pensions, Indian affairs, Howard University, the capitol and grounds in Washington, Hot Springs reservation, and all other business within the jurisdiction of the Interior Department.

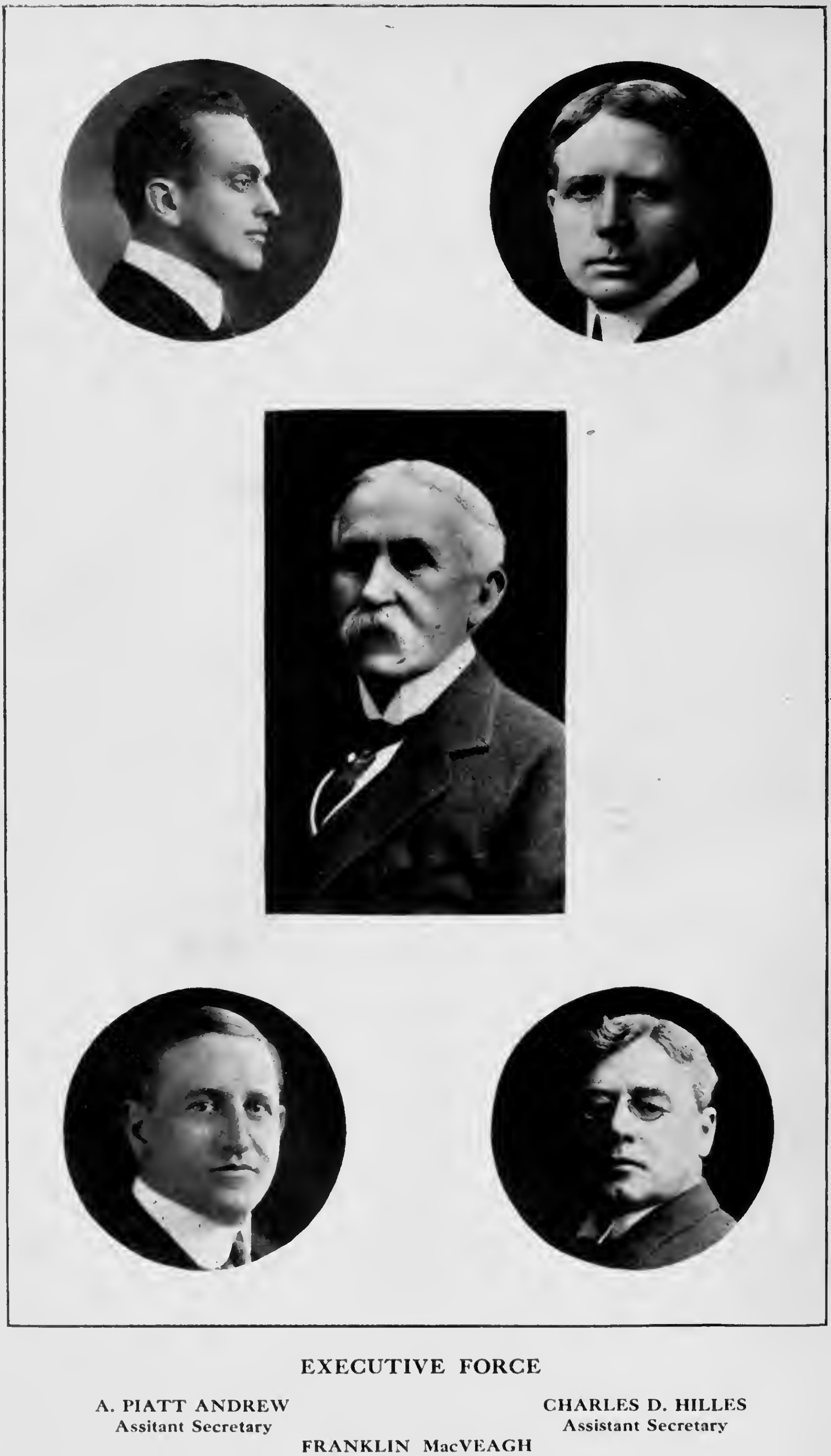
Ralph W. Tyler, Auditor for the Navy Department, examines and passes on all accounts connected with the Navy Department, and with the navy itself, including those connected with the construction and repair of all vessels for naval use.

Caleb B. Layton is called the "Auditor for the State and other Departments." This means for such departments as have no auditor of their own, and includes the departments of State, of Agriculture, of Commerce and Labor and of Justice. He has under his jurisdiction all claims directly connected with each of these departments, for salaries and incidental expenses, including all accounts relating to the diplomatic service, the consular service, the judiciary, United States Courts, judgments of the United States Courts and of the Court of Claims, the Executive office, the Civil Service Commission, Interstate Commerce Commission, the District of Columbia, the Smithsonian Institute, territorial governments, the Senate and House of Representatives, public printer, the library of Congress, and of all boards or commissions and establishments of the government not within the jurisdiction of any of the executive departments.

Meritt O. Chance, the Auditor for the Post Office Department, has jurisdiction over all claims for salaries and incidental expenses of the Post Office Department; all postal and money order accounts of postmasters, and all accounts relating to the transportation of the mails. He countersigns and registers the warrants on the Treasurer issued in liquidation of the indebtedness of the Post Office Department, and superintends the collection of debts due the United States for the services of the Post Office Department, and directs all suits for the payment of money for postal service.

The Fiscal Force.

The fiscal force of the Department is composed of the Treasurer, the Register, the Comptroller of the Currency, the Director of the Mint and the Commissioner of Internal Revenue. Two of these, the Comptroller and the Commissioner of Internal Revenue, were the outgrowth of the necessities of the government during the civil war. The



EXECUTIVE FORCE

A. PIATT ANDREW
Assitant Secretary

CHARLES D. HILLES
Assistant Secretary

FRANKLIN MacVEAGH
Secretary of the Treasury

J. F. CURTIS
Assistant Secretary (PHOTO BY HARRIS & EWING)

WALTER W. LUDLOW
Chief Clerk

AUDITING FORCE

WILLIAM E. ANDREWS
Auditor for the Treasury Dept.

HOWARD C. SHOBER
Auditor for the Interior Dept.

CALEB R. LAYTON
Auditor for the State Dept.

BENJAMIN F. HARPER
Auditor for the War Dept.

RALPH W. TYLER
Auditor for the Navy Dept.

MERRITT O. CHANCE
Auditor for the Post Office Dept.

others were created by the original act of 1789 establishing the Treasury Department. One man, Joseph Nourse, held the office of register forty years. He was appointed originally by Washington, and held the position through all the changes of administration down to that of Jackson.

The Treasurer, Lee McClung, is the custodian of the funds of the government, and collects and disburses all public moneys. He is the redemption agent for the notes of national banks, and trustee for the bonds held to secure national bank circulation and the government deposits in national banks. He is also the custodian of miscellaneous trust funds, fiscal agent for the payment of interest on the public debt, including the Spanish indemnity fund, and disbursing officer of the school fund of the Indian Territory and the Philippine Islands.

William T. Vernon is Register of the Treasury. He signs, issues and registers all bonds of the United States, including those for the Panama canal and the Philippine Islands and the District of Columbia. He receives, examines and registers the upper halves of all redeemed United States notes, gold certificates, silver certificates, interest coupons and checks, and all fractional currency notes, and all condemned internal revenue stamps and postage stamps.

Lawrence O. Murray, Comptroller of the Currency, is the great connecting link between the Treasury Department and the national banks. Among his duties are the examination of all applications for bank charters and the granting of the certificate authorizing the organization of banks. He has direct supervision over all national banks, and when declared insolvent, he appoints the Receiver. He prepares and issues to the banks the currency they are entitled to receive.

The Director of the Mint (office vacant up to the time of going to press) has general supervision of all the mints and assay offices of the government. He directs the coinage to be issued and authorizes all expenditures for that purpose. All appointments and removals in the mints and assay offices are subject to his approval.

Royal E. Cabell, as Commissioner of Internal Revenue, has general superintendence of all internal revenue taxes. This gives him charge of the employment of all officers and agents concerned in the collection of internal revenue taxes, including what is known as the corporation tax and the enforcement of the revenue laws. He issues all regulations and instructions connected with the collection of the taxes and the enforcement of the revenue laws.

WHOLESALE PRICES, 1890 TO MARCH, 1910

WHOLESALE prices in 1909, as measured by the prices of 257 commodities, advanced three per cent. over the wholesale prices in 1908, but with this advance they were still two and three-tenths per cent. below the high average of 1907 prices. Wholesale prices in 1909 were fourteen and five-tenths per cent. higher than in 1900; forty-one per cent. higher than in 1897, the year of lowest prices in the twenty-year period from 1890 to 1909; twelve per cent. higher than in 1890; and twenty-six and five-tenths per cent. higher than the average price for the ten years 1890 to 1899.

The highest point reached in 1907 was the month of October, from which month there was a general decline until August, 1908. Beginning with September, 1908, there has been an increase without a break in any month up to March, 1910. Wholesale prices in March, 1910, were higher than at any time in the preceding twenty years, being seven and five-tenths per cent. higher than in March, 1909, ten and two-tenths per cent. higher than in August, 1908, twenty-one and one-tenth per cent. higher than the average yearly price of 1900, forty-nine and two-tenths per cent. higher than the average yearly price of 1897, and thirty-three and eight-tenths per cent. higher than the average price for the ten years 1890 to 1899.

SAVINGS BANK BUILDINGS AS AN ASSET

By W. H. Kniffin, Jr.

NO single feature of savings bank management has been attended with more erroneous impressions and fruitful of more adverse comment than has the building of ornate and expensive banking houses. This is especially true where the bank has been paying a lesser rate of interest than generally prevails, and at times when reduction of the dividend rate is in the air.

To explain to the average man why a bank can afford to live in a luxurious home and cannot afford to pay half of one per cent. more interest, is as difficult as to attempt to demonstrate that a man who runs an automobile is not in position to pay his gas bill. The depositor is apt to take the gas man's view, that he should either pay up or "cut out" the car. This view is especially prevalent in New York City, where money has been spent with a considerable degree of lavishness on savings bank buildings.

Many have the idea that the earning power of the bank must be commensurate with its style of living, and that it could, if it would, pay even more than a four per cent. rate. In the Brooklyn section, a widespread notion exists that these structures have been built from dormant account money, which, as any bank man knows, is utterly absurd, and would be both illegal and unjust. The charge has even gone out that banks have made needless improvements in this line, in order to avoid extra dividends, and whether this be true or false, is for them to answer.

The building of any fine structure excites comment. Marble, granite, steel and bronze are indicative of stability, prosperity, permanency, soundness. And while a fine building will not make a bad bank good, it will make a good bank better—in the eyes of many. If the outlay is too elaborate, it may excite adverse comment as to the wisdom of the managers, but not as to the prosperity of the institution. It is said that the building of a certain banking edifice in New York State was in a measure responsible for the present franchise tax in that State, inasmuch as the legislators concluded that if banks could afford such buildings, they could afford to pay a tax, and promptly proceeded to impose one.

From an Advertising Standpoint.

From a publicity standpoint, there can be no question that a fine building is a good advertising medium. And as long as men are judged by the clothes they wear and the houses they occupy, it will be so. And many a bank dates its success from the time of opening the new building. The phenomenal gains of two banks in Brooklyn during 1909 are directly traceable to having moved into handsome buildings during that year.

The average man cannot digest or appreciate a bank statement; frequently he does not know the men in charge, and he falls back upon his observation of the house it occupies in order to assure himself that it is worthy of his trust. It is true that there are many most excellent institutions, like many men, that occupy shabby quarters; and on the contrary, many unsound concerns that, like other men, attempt to cover up their weaknesses by an outward show of prosperity. But a good bank, in a good home, is like unto a good man in a mansion—eminently in place.

But granting that a good bank is worthy of a good home, and one in keeping with its dignity and standing; and granting that it may be advertising par

Table showing the Cost, Book or Holding Value, Market Value, Expenses and Income for the Year 1909 of every Bank Building Owned by the Savings Banks of New York State

Name of Bank.	Key No.	Character.**	Cost.	Book Value.	Market Value.	Yearly Expenses.	Rents.
Albany City Savings Institution	38	Com.	$150,000	$110,000	$110,000	$7,690	$9,346
Albany Savings Bank	48	Bkg.	395,900	225,000	225,000	13,196	None
Cohoes Savings Institution	60	Bkg.	55,700	45,000	25,000	1,035	None
Home Savings Bank, Albany	40	Com.	75,100	75,000	75,000	5,819	5,504
National Savings Bank, Albany	49	Bkg.	151,400	145,000	145,000	4,256	None
Binghamton Savings Bank	11	Com.	73,000	65,000	65,000	6,874	3,307
Auburn Savings Bank	1	Com.	268,800	100,000	100,000	9,812	7,270
Cayuga County Savings Bank, Auburn	14	Com.	73,400	58,000	58,000	1,579	2,412
Hudson City Savings Bank	69	Com.	72,400	52,600	52,600	476*	456
Fishkill Savings Institution	None***	Bkg.	2,000	2,000	2,000	655	None
Mechanics, Fishkill	5	Com.	22,500	15,000	15,000	500	857
Pawling Savings Bank	None	Bkg.	10,800	10,800	6,000	199	None
Poughkeepsie Savings Bank	20	Com.	103,300	50,000	50,000	2,910	1,005
Rhinebeck Savings Bank	59	Bkg.	10,100	5,000	5,000	216	None
Buffalo Savings Bank	29	Bkg.	583,700	250,000	250,000	18,267	None
Erie County Savings Bank	15	Com.	1,196,000	700,000	700,000	48,154	56,859
Western Savings Bank, Buffalo	17	Com.	114,300	100,000	150,000	5,470	2,299
Catskill Savings Bank	35	Com.	54,500	44,500	44,500	1,342	325
Jefferson County Savings Bank, Watertown	26	Com.	115,500	111,500	111,500	3,911	6,398
Brooklyn Savings Bank	57	Bkg.	734,300	350,000	350,000	9,374	None
Bushwick Savings Bank, Brooklyn	30	Com.	37,100	32,000	32,000	1,622	1,656
Dime Savings Bank, Brooklyn	71	Bkg.	667,900	667,900	667,900	35,884	None
Dime Savings Bank, Williamsburgh	72	Bkg.	142,800	130,000	130,000	3,598	None
East Brooklyn Savings Bank	None	Com.	48,700	25,000	25,000	1,402	492
East New York Savings Bank	37	Com.	35,400	35,400	30,000	904	300
Germania Savings Bank	22	Com.	271,700	220,000	220,000	17,957	22,034
German Savings Bank	13	Com.	116,800	79,800	79,800	2,113	3,749
Greenpoint Savings Bank	51	Bkg.	169,200	160,000	160,000	2,805	None
Kings County Savings Bank	2	Com.	142,600	85,000	85,000	4,651	1,800
South Brooklyn Savings Bank	6	Com.	198,000	75,000	75,000	1,791	1,868
Williamsburgh Savings Bank	55	Bkg.	689,000	250,000	250,000	48,030	None
Oneida Savings Bank	28	Com.	35,000	18,000	18,000	1,447	1,085
East Side Savings Bank, Rochester	See text	Com.	120,300	120,000	225,000	9,605	2,995
Mechanics Savings Bank, Rochester	25	Com.	65,100	60,000	60,000	1,703	1,287
Monroe County Savings Bank	21	Com.	100,000	75,000	75,000	9,509	183
Rochester Savings Bank	18	Com.	442,600	201,300	201,300	21,513	3,246
Roslyn Savings Bank	24	Com.	31,100	26,000	28,600	999	970
American, New York	52	Com.	34,700	27,000	54,000	7,396	4,006
Bank for Savings	70	Bkg.	751,300	400,000	400,000	13,109	None
Bowery Savings Bank	62 & 72	Bkg.	796,100	310,000	310,000	20,507	None
Broadway Savings Institution	66	Bkg.	271,600	270,000	270,000	3,615	None
Citizens Savings Bank	23	Com.	223,900	86,000	86,000	6,801	4,600
Dry Dock Savings Institution	None	Bkg.	568,600	250,000	250,000	4,319	None
Emigrant Industrial Savings Bank	44	Com.	841,700	500,000	600,000	36,078	24,602
Empire City Savings Bank	7	Com.	10,400	7,400	7,400	3,637	1,433
Franklin Savings Bank	50	Bkg.	441,700	200,000	200,000	5,590	None

German Savings Bank	..	Com.	1,408,300	898,800	898,800	24,101	42,671
Greenwich Savings Bank	64	Bkg.	611,700	250,000	250,000	9,968	None
Harlem Savings Bank	None	Bkg.	354,200	315,000	315,000	4,931	None
Irving Savings Institution, New York	68	Bkg.	115,000	110,000	110,000	1,612	None
Manhattan Savings Institution	None	Com.	810,200	600,000	600,000	16,314	23,500
Metropolitan Savings Bank	39	Com.	243,300	100,000	100,000	2,197	3,615
New York Savings Bank	53	Bkg.	449,800	250,000	250,000	5,179	None
North River Savings Bank	61	Bkg.	237,000	237,000	237,000	4,992	None
Seamens Savings Bank	42	Com.	425,000	425,000	500,000	28,147	11,756
Union Dime Savings Bank	65	Com.	690,300	690,300	450,000	20,098*	16,206*
Union Square Savings Bank	43	Bkg.	465,100	315,100	315,100	9,690	800
Farmers & Mechanics, Lockport	8	Com.	143,900	143,900	140,000	6,672	5,115
Oneida County Savings Bank, Rome	27	Com.	20,100	15,000	15,000	1,436	380
Rome Savings Bank, Rome	None	Com.	23,200	14,000	14,000	1,183	696
Utica Savings Bank	56	Bkg.	249,200	98,000	98,000	6,127	None
Onondaga County Savings Bank, Syracure	3	Com.	860,400	775,000	775,000	55,930	46,904
Skaneateles Savings Bank	None	Com.	13,600	9,500	9,500	284	280
Syracuse Savings Bank	58	Com.	423,600	200,000	200,000	13,674	20,922
Middletown Savings Bank	12	Com.	26,300	21,300	21,300	419	300
Newburgh Savings Bank	47	Com.	115,500	30,000	30,000	2,887	1,936
Walden Savings Bank	None	Bkg.	2,000	2,000	2,000	31	None
Fulton Savings Bank	41	Com.	8,800	5,500	5,500	265*	415
Oswego City Savings Bank	None	Com.	66,000	34,100	35,000	2,071	1,314
Oswego County Savings Bank	4	Com.	29,000	20,000	20,000	1,579	1,424
Putnam County Savings Bank	None	Com.	13,300	13,300	13,000	535	1,316
Jamaica Savings Bank	31	Com.	71,900	51,000	51,000	6,155	4,793
Long Island City Savings Bank	10	Com.	26,600	22,000	22,000	541	1,020
Queens County Savings Bank, Flushing	None	Com.	43,500	33,500	32,900	1,570	1,898
Troy Savings Bank	32	Com.	481,600	120,000	120,000	10,957	5,700
Richmond County Savings Bank	None	Com.	7,200	7,000	7,000	290	408
Staten Island Savings Bank	None	Com.	49,200	16,000	16,000	4,588	4,800
Schenectady Savings Bank	63	Bkg.	76,000	100,000	100,000	5,283	None
Riverhead Savings Bank	9	Com.	50,000	25,000	25,000	3,012	1,887
Sag Harbor Savings Bank	None	Com.	3,900	3,500	3,500	109	100
Southold Savings Bank	36	Com.	22,200	14,500	14,500	392	104
Ithaca Savings Bank	33	Com.	87,000	40,000	45,000	3,496	4,356
Ellenville Savings Bank	19	Com.	27,600	20,000	20,000	1,013	1,540
Kingston Savings Bank	54	Bkg.	29,000	25,000	25,000	1,057	None
New Platz Savings Bank	None	Com.	10,100	8,000	8,000	485	224
Saugerties Savings Bank	None	Com.	10,000	3,000	3,000	330	136
Ulster County Savings Institution, Kingston	16	Com.	75,000	35,000	35,000	2,102	2,302
Ossining Savings Bank	None	Bkg.	79,600	77,000	77,000	1,584	350
Eastchester Savings Bank, Mt. Vernon	None	Com.	17,400	15,500	15,500	195	915
Home Savings Bank, White Plains	34	Com.	41,800	41,000	41,000	1,847	915
Peekskill Savings Bank	None	Com.	44,700	24,200	25,000	2,680	1,181
Peoples Savings Bank, Yonkers	None	Com.	55,600	46,200	50,000	1,402	1,045
Port Chester Savings Bank	45	Bkg.	44,700	25,000	25,000	1,414	None
Westchester County, Savings Bank, Tarrytown	See text	Bkg.	37,600	25,000	25,000	405	None
Yonkers Savings Bank	67	Com.	75,300	75,300	100,000	4,723	5,560
			$20,788,300	$13,215,700	$13,365,200	$684,272	$191,128

* Old building.
** Com. means commercial building or having rental income. Bkg. for banking purposes only.
*** The word "none" indicates no photo shown.
Buildings not owned by savings banks are not shown in the groups except No. 46 used as "filler."

Bank Buildings of the New York State Savings Banks

Bank Buildings of the New York State Savings Banks

excellence, there is no doubt that a bank can be weakened as well as strengthened by this line of investment. It is charged that a bank of discount in Greater New York that went to the wall recently was in a large measure carried down by unwise investments in banking property. In the South, notably among the colored banks, this is especially true, and while they overrate the banking house as an advertising medium, they at the same time overvalue it as an asset.

To illustrate the point that a bank may become weakened by this line of endeavor, take an instance as follows: A bank occupying rented quarters and having a surplus of $100,000, invests (lawfully) in a banking house one-quarter of that sum. The old surplus being one-tenth of the deposits, makes the ratio of strength ten to one. The building being a "dead" asset, and very slow in moving, on account of its limited utility, has cut into the available surplus one-quarter, leaving the ratio of strength seven and one-half to one.

It is very evident that a building having such limited utility and usually costing dearly, cannot be worth its cost as a marketable asset. And unless some other concern should step in and purchase it, the building would be worth merely the value of the ground and the old material. This, of course, has reference to buildings erected for banking purposes only, and not commercial edifices. This point will be taken up later. But it would certainly seem to be good banking not to hold an asset of this character, or of any sort, as a matter of fact, above its market value.

The Law in the Case.

This matter of investment in bank buildings is generally regulated by law. Let us "ask to inquire," as Hasamura Togo would say, and ascertain the status of this question. Real estate may be held for banking purposes as follows:

New York—A plot whereon a building may be erected requisite for the convenient transaction of its business, and from portions of which not required for its own use a revenue may be derived. The cost shall not exceed twenty-five per centum of the net surplus, except by written consent of the superintendent of banks. Estimates of the same, plans, etc., must be filed with the department before the purchase of the lot.

Massachusetts—A sum not exceeding the guarantee fund and undivided earnings; nor in any case to exceed five per cent. of the deposits, or two hundred thousand dollars. Consent of commissioner of banking must be obtained.

Rhode Island—Such corporations may invest in the purchase of a "suitable" site and the erection of a "suitable" building for the convenient transaction of business.

Vermont—Five per cent. of the deposits may be so invested.

New Hampshire—In land and buildings suitable and actually used by it, in part, for its banking room, the total cost of which shall not exceed ten per cent. of its deposits.

Connecticut—A greater sum than may be taken from the surplus of such bank, after allowing for the depreciation of assets, and the three per cent. contingent fund required by section 3441, and such expenditure shall be subject to the approval of the bank commissioners.

Iowa—A lot and building in which its business is carried on.

Maine—Real estate in the city or town in which such bank or institution is located to an amount not exceeding five per cent. of its deposits or to an amount not exceeding its reserve fund.

Minnesota—Save as otherwise specially provided, the entire cost of land and buildings for the transaction of the business of a savings bank, including premises leased to others, shall not be more than fifty per cent. of its net surplus, assets other than cash being taken at cash market value.

Indiana—A lot and banking house requisite for the transaction of its business, and for an income from such portions of the same as are not required for its own use. The estimated cost and income shall be approved by the auditor

of the State and the same shall not cost more than five per cent. of the deposits.

Bank Buildings in New York.

In accordance with the above law, the savings banks of New York State have invested, or, to be more accurate, "tied up," $20,788,300 of past earnings in bank buildings, ranging from a modest two-story brick structure costing $2,000 to a palace of marble and onyx. These structures have been "amortized," or scaled down, on the books to $13,245,-700, a loss of seven millions in depreciation. By the testimony of the banks themselves, these structures are worth, as a whole, just about the holding value, $13,365,200. This will, in a small measure, account for the diminishing ratio of surplus. Just what process has been used to ascertain this value is not known. At best it is probably an estimate.

Only one case is on record in New York State where the value of a bank building has been judicially determined. That was in the case of the Bank for Savings, corner Twenty-second street and Fourth avenue, New York. This bank brought suit against the State Comptroller to test the validity of the franchise tax levied against the surplus of savings banks.

As will be seen by the accompanying table the building cost upwards of $750,000, and the bank then, as now, held the building on its books at $400,-000. The comptroller assessed this at cost. This, the bank contended, was too high. Experts were put on the stand for both sides, and it was shown that property in that neighborhood had increased materially since the building was erected, and that the lot was worth $390,000 and the building as old material $100,000 more. But this was as *old material* and a piece of ground, and *not as a building especially erected for a special purpose.* In this case the court said: "It is well known that a building, especially one constructed for a special purpose, is rarely worth in the market what it has cost to erect it. . . . Manifestly the value of the building as old material should have little weight in fixing the actual value of the property." The lot was held at the above figure ($390,000) and the

Home of the East Side Savings Bank of Rochester, N. Y. Omitted from the large groups.

building at $200,000, making $590,000 as the value for the bank's purposes—a depreciation of $160,000, in spite of enhancing values in realty thereabouts.

It is not often that such property appreciates in value—the tendency is the other way. By referring to the table it will be seen that on the basis of present market values only ten bank buildings out of a total of ninety-five have a market value equal to or exceeding the cost. Even in New York city, with the steady rise in realty values, it is doubtful if the average bank building would make any better showing than did the building of the Bank for Savings if the test were judicially made. A recent instance is quite to the contrary, however, due to peculiar local conditions—that of the Union Dime Savings Bank, which cost $690,000, was held at $450,000, and, according to newspaper reports, sold for $1,000,000 to an English syndicate, which in return sold it for $1,500,000.

Also the building of the North River Savings Bank, in the same section, worth about double its cost. This is due to the Pennsylvania tunnels and terminals in that section, making it the com-

Home of the Westchester County Savings Bank of Tarrytown, N. Y. Omitted from the large groups.

ing center of New York. Such phenomenal rises in values are not common.

Again, it will be noted that thirty-nine out of sixty-five commercial buildings do not carry themselves, and therefore cost, as rentals, the interest on the investment plus the deficiency, which in the State as a whole amounts to $193,-144. Fourteen banks earned a surplus above their carrying charges. Several banks have made it a practice to charge themselves, as rental, with a sum estimated to be the rental value of the premises, and this appears in the charges, where such custom exists. Perhaps not over ten banks in the State do this. One in New York, whose property is held at upwards of $30,000, charges itself with $7,000 in addition to the taxes and repairs.

As to the merits of a commercial building as compared with a strictly banking office, there is this to be said: A fine office building, such as the Erie County, of Buffalo, or the Onondaga County, of Syracuse, doubtless carries as much prestige as an advertising medium as does the strictly bank building. Perhaps more so, for if filled with good tenants, they have a tendency to attract notice to the building through private advertising. And again: The investment is not a dead asset, as it earns something towards its up-keep; whereas the strictly banking proposition earns nothing. The only case of a banking house returning any income, known to the writer, is that of the Union Square Savings Bank, New York, of recent erection, which has a happy idea, in having an extension in the rear, fitted up as apartments, rented in the main to employees, from which was derived last year an income of $800.

The intent of this paper is not to criticise—far from it—but, rather, to direct attention to existing facts, and present a subject that has not received attention heretofore. A glance at the group reproductions of these buildings, which includes all but twenty-four in the State, cuts of which were impossible to obtain, will demonstrate that the Empire State has a fine lot of savings bank structures, irrespective of the cost or carrying charges. That they are a credit to the banks and the State is readily to be seen. They have doubtless had much to do with the success of these banks and have added not a little to the opinion of stability everywhere to be found. If they have cost twenty millions, they have doubtless been worth it, or they would not have been built. If part of that twenty millions had better been reserved in the surplus, or distributed as extra dividends, it is too late to alter the matter now—they are here to stay. They will not be sold for old junk, but continue to be used for banking purposes and are worth—whatever the bank men may say.

TRUST COMPANIES

Conducted by Clay Herrick

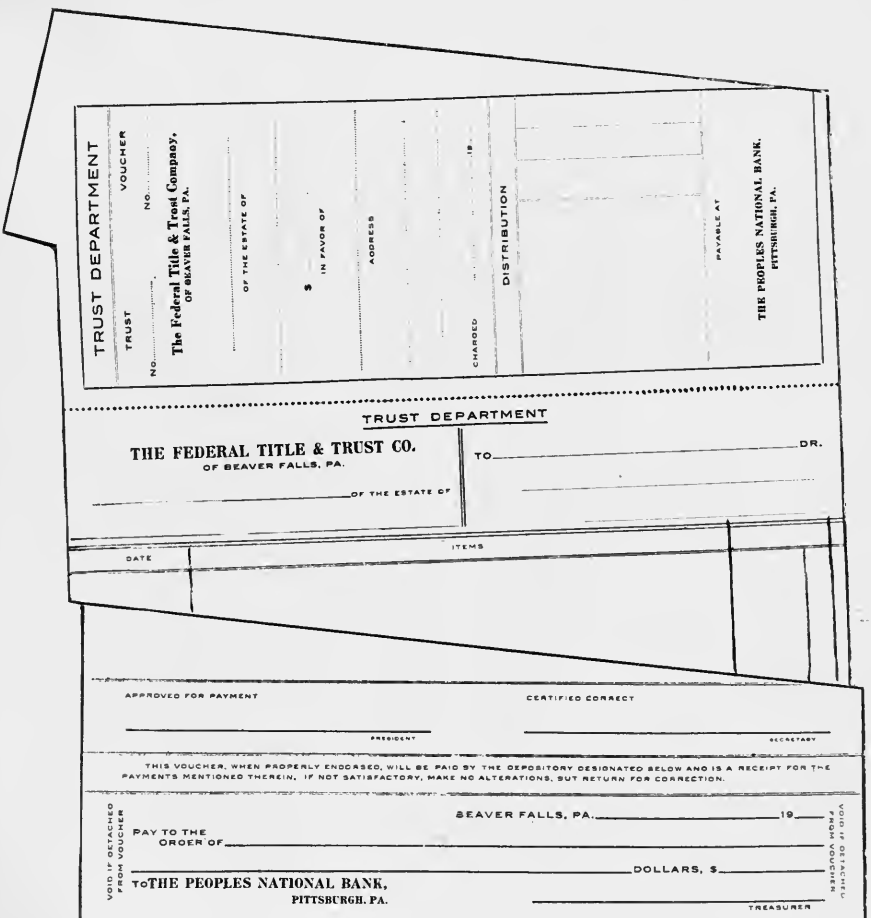
A TRUST DEPARTMENT OUTFIT FOR THE SMALLER TRUST COMPANY

By W. W. Potts, Secretary and Treasurer Federal Title and Trust Company, Beaver Falls, Pa.

IN the average small or newly incorporated trust company, the matter of determining just what will be necessary in supplying the needed books and forms in the trust department is one of considerable perplexity to the official in whose hands the business will be placed, particularly will this be the fact should the trust business fall to one wholly unacquainted with that branch of the business.

The trust business in most localities, aside from the cities, is very largely a matter of development, and in the installation of the necessary outfit care should be exercised in order to avoid a number of books and forms not absolutely needed at the outset.

In the ruling of the trust ledger submitted, it is believed one has been developed that will afford all needed information, and being of the loose leaf


TRUST DEPARTMENT
VOUCHER
TRUST NO.
NO.
The Federal Title & Trust Company,
OF BEAVER FALLS, PA.
OF THE ESTATE OF
$
IN FAVOR OF
ADDRESS
19
CHARGED
DISTRIBUTION
PAYABLE AT
THE PEOPLES NATIONAL BANK,
PITTSBURGH, PA.

TRUST DEPARTMENT
THE FEDERAL TITLE & TRUST CO.
OF BEAVER FALLS, PA.
OF THE ESTATE OF
TO ____ DR.
DATE
ITEMS

APPROVED FOR PAYMENT
PRESIDENT
CERTIFIED CORRECT
SECRETARY

THIS VOUCHER, WHEN PROPERLY ENDORSED, WILL BE PAID BY THE DEPOSITORY DESIGNATED BELOW AND IS A RECEIPT FOR THE PAYMENTS MENTIONED THEREIN. IF NOT SATISFACTORY, MAKE NO ALTERATIONS, BUT RETURN FOR CORRECTION.

VOID IF DETACHED FROM VOUCHER
BEAVER FALLS, PA. ____ 19__
PAY TO THE ORDER OF ____
____ DOLLARS, $ ____
TO THE PEOPLES NATIONAL BANK,
PITTSBURGH, PA.
TREASURER
VOID IF DETACHED FROM VOUCHER

Voucher Check, folded to show all sides

BOND

Number	Date Issued			Amount	By Whom and Where Issued and By Whom Signed	Description of Bond and Purpose of Issue	No. Coupon	Due			Amount	Paid		
	Mo.	Day	Year					Mo.	Day	Year		Mo.	Day	Year
							1							
							2							
							3							
							4							
							5							
							6							
							7							
							8							
							9							

Coupon Bond Register

REGISTER.

No. Coupon	Due			Amount	Paid			No. Coupon	Due			Amount	Paid			No. Coupon	Due			Amount	Paid			Final Disposition and Remarks
	Mo.	Day	Year		Mo.	Day	Year		Mo.	Day	Year		Mo.	Day	Year		Mo.	Day	Year		Mo.	Day	Year	
11								21								31								
12								22								32								
13								23								33								
14								24								34								
15								25								35								
16								26								36								
17								27								37								
18								28								38								
19								29								39								
20								30								40								

Reverse of Coupon Bond Register

FOLIO NO.

FEDERAL TITLE AND TRUST COMPANY

MORTGAGE NO.

SHEET NO.

BOND AND MORTGAGE OF

LOCATION OF PROPERTY

DESCRIPTION OF GROUNDS

DESCRIPTION OF IMPROVEMENTS

COUNTY ASSESSMENT $

REMARKS

RECORDED IN MORTGAGE BOOK, VOL. PAGE

ASSESSMENT $ CITY OR BORO

DATE OF MORTGAGE 1 TIME YEARS DUE

EXTENDED 1 FOR YEARS FROM

Mortgage				Interest	Rate Per Cent			Insurance		
Date	Debit	Credit	Balance	Date	Debit	Date	Credit	Name of Company and Number of Policy	Amount	Expires

Taxes Paid and Receipts Shown for					
County	City	Boro.	School	Special	Water Rent

Mortgage Register

type, will be found capable of expansion up to the point where it is necessary to place the trust department in a separate division.

With this form a record can be had of both receipts and disbursements, as well as of all investments, personal and real property, the expenses of handling

UNINVESTED CASH BALANCE

DEPOSITED WITH

DATE		Trust No.	DR.	CR	BALANCE	DATE		Trust No.	DR.	CR	BALANCE	DATE		Trust No.	DR.	CR.	BALANCE
	Amount brought forward						Amount brought forward						Amount brought forward				

Cash Receipts and Disbursements—To be placed in front part of Trust Ledger

Trust No. 8   Attorney N. S. Morgan   Source of Appointment Orphans Court   Bond $ 7000.   Filed Dec 15 1905   Partial   Account Filed April 2nd 1908

Sheet No 1   Character of Trust Guardianship   Court No. 10   Dec Term 1905.   Appraisement Filed

Name Philip C Carnes   Inventory of Property Filed July 16 1906

DATE 1905		PARTICULARS		CASH TRANSACTIONS DR.	CASH TRANSACTIONS CR	CASH TRANSACTIONS BALANCE	Voucher No.	MORTGAGES DR.	MORTGAGES CR	SECURITIES DR	SECURITIES CR	REAL ESTATE DR.	REAL ESTATE CR.	PERSONAL PROPERTY DR	PERSONAL PROPERTY CR	EXPENSE OF TRUST
Dec	20	Estate N J Carnes	Distributive Share	1270 21		1270 21										
	31	Ann Cunningham	Rent for December 1905	13 34		1283 55										
1906 Jan	2	Jno Sturgis, Clerk	Petition for appointment as Guardian		5 50	1278 05	1									5 50
	15	Do	Petition for allowance of maintenance		6 00	1272 05	2									6 00
	"	Fidelity Title & Trust Co	5/7 of Mortgage No 4		500	772 05	3	500								
Feb	1	Elizabeth Jones	Maintenance of ward Jany 1906		12 50	759 55	4									

Trust Account—Loose Leaf Ledger

the account, uninvested cash balance, and a history of the matter from the appointment to the final closing up of the account.

The form for the uninvested cash balance of each account in aggregate is carried in the front of the ledger, as well as a like account of the mortgages

No. 4

THE FEDERAL TITLE & TRUST COMPANY.

Beaver Falls, Pa. Jany 15 *190*6.

TO WHOM IT MAY CONCERN:

The BOND and MORTGAGE herewith, for

$ 700.00

from John Jones.

to this Company

dated Oct. 15th *19*05, *recorded in*

Mortgage Book 105 *page* 69.

although standing in the name of this Company generally, is not the individual property of the Company, but is held by it in trust, for the following amounts, and for the estates hereafter named, viz:

Estate of	Philip C. Carnes	$ 500.
"	Arthur Thomas	$ 100.
"	William Smith	$ 100.
"		$
"		$
"		$
"		$
"		$
"	(To be filed with	$
"	papers of mortgage	$
"	loan)	$
"		$
"		$
"		$
"		$
"		$
"		$
"		$

THE FEDERAL TITLE & TRUST COMPANY.

By

TREASURER.

Mortgage Investment Card—A similar card is filed with papers of the trust account

and other investments, a page of the regular ledger ruling being used for each.

The individual trust accounts may be carried numerically, or can be separated alphabetically as is desired.

In the disbursement of funds the use of a manifold voucher-check has been found very satisfactory. The voucher and check being combined, there is no possibility of loss of any statement or bill, as the account payable is copied to the voucher, and the original item filed with the other papers in the case, each bill or statement being marked with the number of the trust, voucher number and date of payment, as follows:

Trust No. . . . .
Voucher No. . . . .
Date Paid. . . . .

It has been found advisable to use a heavy expansion wallet in caring for the different papers and records of each account, the number and name of each account being written on the outside of the wallet, and the papers enclosed being separated and placed in ordinary manila envelopes, bearing the number and name of the account, the classification of the papers being indicated on the outside of the envelope, viz.:

Trust Account No. 5.
Guardian of Philip Rogers.
Accounts Payable.

In case the investment of funds in any account, in a portion of a mortgage owned by the trust company, is desired, a complete record of the same can be had by the use of the mortgage investment card here shown. One of the cards should be filed with the papers of the mortgage loan, showing the amounts invested in each trust account, also each trust envelope should carry a record of its mortgage investments on one of the same forms. By the use of the investment card it will be unnecessary to burden the mortgage register as the numerous investments are made, or to record the return of the funds at such time as the trust account is closed.

Suitable rulings of bond and mortgage registers are also shown.

By the use of the different forms submitted it is believed the trust business of the smaller company can be handled at not too great an expense of time or outlay of money in installation expenses.

PRACTICAL BANKING

SEEKING BUSINESS FROM SHAREHOLDERS

By Archibald G. Boal

THEORETICALLY, at least, every shareholder in a banking association ought to be interested in that bank's success to the extent of patronizing it himself to the full extent of his ability and encouraging others to patronize it. It is a common complaint among many bank executives that some of their stockholders are not customers at all, or very indifferent customers.

In these days when in towns and cities competition for depositors is not only keen, but very keen, cashiers might find a field for study and thought in the stock ledger. Here they will find prospective customers on whom they have a real claim and with whom there should be but little necessity for argument.

If the stock ledger be taken and each shareholder's name be placed under one of the following headings, the latent possibilities of increased business in one's own family (so to speak) may be discovered. The classification is: "Good Customers," "Medium Good," "Keep No Account," "Lives Too Far Away." No cashier, daily and nightly prodding his brains for ways and means to secure new business, should be satisfied with less than seventy-five per cent. of the bank's shareholders as active depositors.

The "Medium Good" class will probably be found to have an account at another bank, which, with the proper application of tact, diplomacy and argument, they will be glad to bring to the bank in which they are directly interested. Those who keep no accounts are sometimes estranged by trivial incidents of the past which went unexplained. Probably the incident wasn't big enough to make a fuss over, but big enough to cause a slight dissatisfaction, which led to new alliances. These may be won back by the good salesmanship qualities that should be in every cashier. Those who live too far away may sometimes be persuaded to keep a dormant account under an agreement to pay some interest.

Shareholders sometimes drift away to other banks, perhaps more conveniently located, because they are never reminded of the bank's existence, except by the formal notice of the annual meeting and a request for a proxy once a year and by their dividend check.

All published reports should be sent to shareholders and a letter once or twice a year explaining the general state of the bank's business will serve to keep them interested.

Likewise the shareholders should be on the mailing list for all advertisements sent out during the year. In spite of this there will always be some who are peculiar and prefer to do business with other banks and some who, living in other cities, inherit stock. Whenever possible the board of directors should endeavor to find buyers nearer home for such stock and place it where it will do the most good.

By adroit suggestion shareholders can sometimes be trained to help secure new customers. They may hand the cashier lists of names of friends and neighbors, whose business would be worth while, or of those who have sold or are about to sell real estate or other property and have not yet found a new investment. In these days the alert and careful cashier, without unseemly efforts, can bring to bear a constant pull for business on every one he knows.

The tendency of shareholders is to leave everything to the directors and the tendency of the directors is to pass the responsibility for success along to the president and cashier. In seeking to make a bank profitable the shareholders should contribute something more than the money they have invested.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

BANKING PROSPERITY IN AUSTRALIA

GENERAL prosperity is reported by the banks of Australia. At the forty-fourth general meeting of the Bank of Adelaide (Victoria), as reported by the London "Economist," the chairman, Mr. A. G. Downer, said that during the fairly long number of years he had occupied his present position the reports and balance-sheets had been most satisfactory, but it had never been his pleasure to dwell upon figures so gratifying as those now presented to the shareholders. The dividend of ten per cent. resolved upon last year had been maintained, and there had been carried forward a sum of about £6,000 in excess of that carried forth last year. It was proposed to pass to the reserve fund £25,000, bringing the fund up to £350,000, and the bank's premises had been written down by £9,000. This writing down was in respect to the branch premises only, as the head office required no such treatment. Despite the largely increased advances, their liquid assets, including remittances in transit—which were, of course, practically cash—amounted to £3,033,000, or 12 shillings in the pound on their liabilities to the public. This amount was larger it seemed to him than was necessary, but it was satisfactory from the point of safety. It was extraordinary that their profits were what they were now in the face of this fact, for liquid assets were not, as a rule, great sources of earning powers. He would give some evidence of the marked progression of the Bank of Adelaide during the past ten years. In 1900 the deposits were £2,185,000; they were now £4,114,000. In 1900 the note circulation was £127,000; it was now £225,000. In 1900 the advances were £1,401,000; they were now £2,817,000. In 1900 the liquid assets were £1,485,100; they were now £2,443,000. These figures excluded remittances in transit, which were included in the £3,033,000 figures previously mentioned. In 1900 the reserve fund was £165,000; it was now £325,000. In 1900 the branches and agencies numbered thirty-one; they were now eighty-one. It was difficult to go through figures like these without using adjectives—without using, in fact, superlatives. What was specially satisfactory was the large growth of the reserve fund and the confidence which the public had in the bank, as evidenced by the large growth of deposits. To the shareholders the condition of things must be a source of pleasure. To the public it ought to be a source of pride that the one bank belonging purely to this State was successful almost beyond words. Even the Government, whatever its politics might be, could not but welcome the success of an institution that in the last year alone had given it £7,300 in land, income and note tax.

JAPANESE FINANCES

JAPAN'S economic and financial position is fully set forth in the Tenth Financial and Economical Annual, prepared under the direction of Marquis T. Katsura, the Minister of Finance.

The budget for 1910-11 shows a total estimated revenue of 534,303,861 yen, and expenditures of the same amount. This compares with revenues of 520,488,151 yen and expenditures of 520,479,979 yen for the financial year 1909-10.

Concerning the country's financial policy, the Annual says:

"In the preceding financial year not only was there no issue of loans, but

also the policy of increasing the amount of redemption was adopted; and the total amount to be transferred to the national debt sinking fund in the year 1910-11 will come up to 193,960,000 yen, which is an increase of 10,800,000 yen on the preceding year. This increase is due to the addition to the redemption fund of 7,500,000 yen, besides about 2,500,000 yen, which is equivalent to the interest on the principal of 50,000,000 yen (£5,121,377), which was redeemed in the preceding year.

"Moreover, the Government formed the plan of converting its five per cent. loans into those of four per cent., and has twice since March, 1910, issued at home four per cent. loans, which amount altogether to 200,000,000 yen (£20,485,507), and also issued in the British and French markets similar loans amounting in all to 281,000,000 yen; and the proceeds have been devoted to the redemption of the five per cent. loans. In short, in the financial year 1910-11 the tax system was readjusted with a view to the recuperation of the economic powers of the nation and at the same time to remove any inequality in the incidence of taxes, the salaries and allowances of Government officers and non-commissioned officers and privates were raised with the object of expediting the conduct of official business, and the amount of redemption of national loans increased in order to raise the credit of national loans generally and at the same time to facilitate their redemption and conversion."

PLACING GOVERNMENT LOANS

A NEW departure in the method of placing Government loans in Austria has attracted much attention, says the "Australasian Insurance and Banking Record." The Austrian Finance Minister has recently resolved to issue a loan of about £5,800,000, but instead of giving it to what are known as the "Rothschild group of banks," he has entrusted it to the Postal Savings Bank. But it is questioned whether he has acted quite wisely, for he will require £8,000,000 more during the year, and without outside assistance the Postal Savings Bank cannot handle the operation. It is thought, however, that it can induce Czech Polack and other Slav banks to coöperate. The matter really resolves itself into one of terms, *i. e.,* the cheapest way of obtaining the money.

ENGLISH NOTE CIRCULATION

ENGLAND'S comparatively small bank-note circulation is often cited by bankers in the United States as an example of the ability of a country to get along without bank notes, or, at least, with an insignificant volume of them. But there is expert opinion to the effect that the country bank-note circulation is of direct benefit, and that its reduction may not be considered an unmixed blessing. Reviewing the progress of banking in Great Britain and Ireland during 1909, R. H. Inglis Palgrave, the well-known British economist, says in a recent number of the "Bankers' Magazine" of London:

"The reduction of the country note circulation in England and Wales continues. The total note circulation of the issuing banks in England and Wales is now less than £300,000. The reëstablishment of a country note issue, well secured and moderate in amount, would be a real assistance to banking in the rural districts of England and Wales. It would save expense to the banks, and be a convenience to the public."

While the increased use of checks tends to minimize the demand for bank notes, there are times when the latter are greatly needed, particularly in the country districts, and this need is even more urgent in certain portions of the United States than in England and Wales.

PROPORTION OF CAPITAL TO LIABILITIES

BANK credit has been manufactured more rapidly in recent years than it should if old standards are still to govern. Commenting on this tendency,

in a recent number of the London "Bankers' Magazine," Sir R. H. Inglis Palgrave says, referring to the British banks:

"We may remind our readers of the old rule that the liabilities of a bank should not be more than three times as large as its capital. It may not be possible to revive this prudent practice, but nearly eight times as large, which is the average at the present time, is a very different thing."

A similar tendency has been observed in this country, although the national banks at least have not as yet shown so wide a disproportion between capital and surplus as have the banks of Great Britain and Ireland.

GENERAL NOTES

—A special meeting of shareholders of the Credit Foncier was held on July 2 to authorize the board to increase the capital from 200 million francs to 250 millions, as required, as decided provisionally on April 3, 1909. According to the statutes of the bank the amount of the bonds, mortgage or communal, in circulation, must not exceed twenty times the capital of 200 millions, and an expansion of the right of issue of bonds has now become necessary.

—The Bank of Formosa, a Japanese semi-official institution, has increased its capital from 5,000,000 yen to 10,000,000 yen, and established branches at Canton, China, and Singapore, Straits Settlements.

—Owing to the congested condition of the foreign bond market at Paris, the conversion of the Mexican five per cent. loan into bonds of a lower denomination has been postponed to a more favorable opportunity.

—On May 31 the Bank of London and Mexico, of Mexico City, reported a total balance sheet of $187,232,599.43.

—The Banco Internacional é Hipotecario de Mexico, of which Mr. T. P. Honey is manager, reported on May 31, mortgage bonds in circulation, $18,843,000; total balance sheet, $33,157,319.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

CHECK OF CORPORATION DRAWN BY TREASURER TO HIS OWN ORDER—NOTICE TO BANK.

HAVANA CENTRAL R. R. CO. vs. KNICKERBOCKER TRUST COMPANY.

COURT OF APPEALS OF NEW YORK, MAY 17, 1910.

The bank on which checks are drawn is the agent of the depositor to determine whether they are properly payable or not.

When a corporation opens an account with a bank it confers upon the bank the power to determine whether any check drawn upon the account conforms to the contract between them.

While a mistake in the determination of that question may render the drawee bank liable to the depositor, the latter cannot recover the money paid on such check to a third person who received the same in good faith relying upon the representation of the bank that the check was all right, and who has parted with the money.

The treasurer of a corporation, authorized to sign checks for it drew checks to his own order and deposited them to his own account, and these checks when presented to the bank on which they were drawn were paid, the proceeds being credited by the collecting bank to the individual account of the treasurer and afterwards drawn out by him; *Held,* that the proceeds could not be recovered by the corporation from the bank receiving the checks.

THIS was an appeal from an order of the Appellate Division of the Supreme Court in the first judicial department, which affirmed an interlocutory judgment overruling a demurrer to the complaint. The facts alleged in the complaint were as follows:

On February 23, 1906, the plaintiff by C. W. Van Voorhis, its treasurer,

opened a deposit account with the Central Trust Company of New York in its name, under an arrangement by which checks drawn upon said account were to bear the following signature: "Havana Central Railroad Company, C. W. Van Voorhis, Treasurer." Between April 21 and June 15, 1906, without the knowledge of any other officer or employee of the plaintiff, C. W. Van Voorhis drew and signed three checks upon this account with the Central Trust Company, the first dated April 21, 1906, for $22,461.81, payable to the order of W. M. Greenwood or C. W. Van Voorhis, the second dated May 23, 1906, for $21,944.45, payable in the alternative to the same persons, and the third, dated June 14, 1906, for $15,000, payable like the two others. Each of these checks was signed "Havana Central Railroad Company, C. W. Van Voorhis, Treasurer"; each was endorsed by C. W. Van Voorhis, and each was deposited by him in a bank account in his own individual name which he kept with the defendant. The first and third checks were accepted by the Central Trust Company before payment and the amount of each check was paid by the Central Trust Company to the defendant and credited by the defendant to C. W. Van Voorhis in his individual bank account already mentioned. The Central Trust Company charged such payments to the plaintiff corporation. After the deposit with the defendant of the amounts represented by these checks in the individual account of C. W. Van Voorhis he was permited to draw upon said account and did draw upon it until July 7, 1906, when the account was closed.

The complaint further alleged that C. W. Van Voorhis deposited the checks and used the proceeds thereof for his own purposes without any right or authority so to do, and that he had no right or authority to draw upon the account of the plaintiff or to use its funds except for the purposes of the plaintiff's business, and that the plaintiff was not at any of the times heretofore mentioned indebted to C. W. Van Voorhis in any sum whatsoever, and that notice or inquiry by the defendant to and of the plaintiff would have revealed these facts and would have shown that by drawing the checks in the form already described and depositing them in his individual account with the defendant Van Voorhis was wrongfully misappropriating and converting the same to his own use; but the defendant did not make any inquiry of the plaintiff or any one else concerning the checks or give any notice to the plaintiff in regard to their deposit with the defendant. It was alleged that on account of these matters the defendant has had and received $59,406.26 of the moneys of the plaintiff, and thereby became indebted to the plaintiff in said sum, no part of which has been paid except that $3,597.91 has been received by the plaintiff from the said C. W. Van Voorhis in reduction of the amount represented by the third check.

Willard Bartlett, *J.:* It will be observed that the complaint contains no averment of any conversion by the defendant. The only conversion alleged is a misappropriation by C. W. Van Voorhis, the plaintiffs' treasurer. The action is for money had and received, the manifest theory of the pleader being that the defendant by receiving the checks for deposit in the individual personal account of the plaintiff's treasurer under the circumstances disclosed by the complaint has become legally obligated to repay the money represented by those checks to the plaintiff corporation. This theory is based on the proposition that the checks when presented to the defendant for deposit bore upon their face what the learned counsel for the respondent calls "a shadow," which ought to have prevented the defendant from taking them or collecting the proceeds without inquiry from some responsible officer of the plaintiff corporation other than its treasurer as to his authority to draw checks against the funds of the corporation payable to his own individual order.

The complaint does not allege that C. W. Van Voorhis, the plaintiff's treas-

urer, was not authorized to draw checks in this form. It merely avers that he had "no right or authority to draw upon said account of the plaintiff or to use its funds except for the purposes of the plaintiff's business." This averment does not negative the idea that the purposes of the plaintiff's business may have required its treasurer on occasion to draw checks upon the corporation account payable to himself individually; the allegation simply amounts to an averment that he was not authorized to draw these particular checks to his own order, and that the defendant could have ascertained that fact upon due inquiry. The case really turns upon a determination as to what were the rights of the defendant and its duties toward the plaintiff upon the presentation of the checks for deposit in the individual account of the treasurer.

The defendant could properly regard the checks as the property of C. W. Van Voorhis. The possession of a bank check payable to the order of the holder is presumptive evidence of ownership (2 Daniel on Negotiable Instruments, 4th ed., sec. 1652). In behalf of the respondent it is argued that the fact that the checks were drawn by the treasurer in behalf of the corporation payable to himself individually cast suspicion upon them, and imposed upon the banking institution to which they were offered for deposit a duty to make some inquiry as to their validity before it dealt with them as the property of the payee.

If it be conceded that the offer of such a check for deposit to the individual account of an officer calls for some inquiry on the part of the bank to which it is offered as to the extent of his authority in the premises, I am of opinion that the Knickerbocker Trust Company in the present case did all that the law demands. When it caused the three checks to be presented to the Central Trust Company for payment it thereby virtually made a twofold inquiry of that institution: (1) Whether the checks bore the genuine signature of an officer authorized to sign checks in behalf of the Havana Central Railroad Company; and (2) whether C. W. Van Voorhis, the treasurer of the Havana Central Railroad Company, had authority to draw checks upon the account of the corporation payable to his individual account.

The drawee of a bill of exchange is bound to know the signature of the drawer and his capacity to draw a bill (1 Daniel on Negotiable Instruments, 4th ed., secs. 534, 535). The acceptance of the bill is an acknowledgment of the genuineness of the signature and the authority of the drawer. So the payment of these checks by the Central Trust Company upon their presentation at the instance of the Knickerbocker Trust Company was an acknowledgment by the deposit bank of the Havana Central Railroad Company that C. W. Van Voorhis, its treasurer, possessed authority from the railroad corporation to draw precisely such checks in precisely the form in which they were drawn. The Havana Central Railroad Company by opening its deposit account with the Central Trust Company constituted the latter corporation its agent as to all third parties who might receive checks drawn upon that account to determine and declare whether such checks were genuine and were drawn within the scope of the treasurer's agency as established by the contract between the Central Trust Company and the railroad corporation.

When the Central Trust Company by paying these checks declared to the Knickerbocker Trust Company that they were genuine obligations of the railroad corporation which the treasurer had authority to draw, the Knickerbocker Trust Company was not obligated by law to make any further inquiry, but was authorized to deal with the proceeds of the checks as the individual property of the payee, and after it has turned over such proceeds to him it cannot be compelled to restore them to the Havana Central Railroad Company merely because the Central Trust Company ought to have withheld payment of the checks.

The distinguishing feature between this case and the cases relied upon to

support the judgment which has been rendered herein is that in the cases cited the form of the transaction was notice to the party receiving the check or other instrument that it was sought to be used to pay an individual debt out of trust funds. Here the checks were not designed to discharge any obligation owing to the defendant. The defendant merely collected the amounts thereof and placed the same to the credit of the payee. It is conceded that they were properly signed as checks upon the plaintiff's bank account with the Central Trust Company—that is to say, they were signed: "Havana Central Railroad Company, C. W. Van Voorhis, Treasurer."

As has already been pointed out, the complaint does not allege that Mr. Van Voorhis had no authority to draw checks upon this account to his own order. The allegation is merely that he had no right or authority to draw upon the account of the plaintiff or to use its funds *except for the purposes of the plaintiff's business,* and, in substance, that these checks were not drawn for such purposes, as the defendant might have ascertained upon proper inquiry. But what inquiry and of whom?

The obvious course, as it seems to me, was to present the checks for payment to the institution upon which they were drawn. If it paid them, such payment constituted the most emphatic assertion upon the part of the plaintiff's own deposit bank that under the arrangement existing between it and the plaintiff the plaintiff's treasurer was authorized to draw just such checks payable to his own order. The defendant having relied upon that assertion and subsequently paid away the money thus collected, the plaintiff corporation is estopped from denying that its treasurer in fact possessed authority to draw the checks.

But it is said that inquiry of the plaintiff's deposit bank was not enough, because it was not the plaintiff's agent to make representations to third parties as to the validity of checks drawn upon the plaintiff's account. I think otherwise. It seems to me that when a corporation opens an account with a banking institution it confers upon that institution the power to determine whether any check drawn upon the account conforms to the contract between the depositor and the depositary. When it makes a mistake in the determination of such a question the depositary may be liable to the depositor; but the depositor cannot recover back the money paid on such check to a third person who has received it in good faith, relying on the representation of the deposit bank that the check was all right and has subsequently parted with the money.

The case of Ward vs. City Trust Co. (192 N. Y., 61) differs essentially from the case at bar in the fact that the corporation check there in controversy was delivered to the defendant in payment of a personal loan. In Squire vs. Ordemann (194 N. Y., 394) the check was that of executors given in payment of an individual debt. The only point decided in Robinson vs. Chemical National Bank (86 N. Y., 404) which has any possible application here was the obvious proposition that the indorsement of a check drawn to the order of a principal by an agent having no authority to indorse could not operate to transfer title to the paper. The principal matter litigated in the case of Bank of N. Y. Nat. Banking Ass'n vs. Am. Dock & Trust Co. (143 N. Y., 559) was the validity of a warehouse receipt issued by the president of the defendant to his own order, and it was there held that the certificate on its face gave the purchaser such notice as should put a prudent person upon inquiry in regard to the president's authority. In that case Judge Peckham said: "It is an acknowledged principle of the law of agency that a general power or authority given to the agent to do an act in behalf of the principal does not extend to a case where it appears that the agent himself is the person interested on the other side" (p. 564), and he further expressed the opinion that it was against the general law of reason that an agent

should be intrusted with power to act for his principal and for himself at the same time.

A similar certificate was the subject of consideration in the later case of Hanover Bank vs. Am. Dock & Trust Co. (148 N. Y., 612), where it was held that authority in the president to issue warehouse certificates of the character in question might be implied from acquiescence. In that case Judge Vann said that the authority of an agent was enlarged as to third persons by implication when the principal permitted him to do acts not expressly authorized, and added: "For the protection of innocent persons the law will imply authority in an agent to do acts which, although forbidden by the principal before they are done, are, nevertheless, recognized by him as valid after they are done" (p. 620). I am unable to find any proposition actually decided in any of these cases or in any other authoritative cases cited in behalf of the respondent which is at variance with the view I entertain as to the rights and obligations of the defendant in the case at bar. The view, stated in the fewest possible words, is that the Central Trust Company was the agent of the Havana Central Railroad Company to determine whether the checks in controversy were properly payable or not, and when it decided that they were, and paid them to the Knickerbocker Trust Company, which received the proceeds in good faith, no right remains in the railroad corporation to recover such proceeds after the Knickerbocker Trust Company has paid them away.

For these reasons I advise a reversal of this order, and that the question certified be answered in the negative.

CULLEN, *Ch.J.;* GRAY, HAIGHT, VANN and CHASE, *J.J.*, concur.

Order reversed and judgment ordered for defendant on demurrer, with costs in all courts, with leave to plaintiff to serve amended complaint within twenty days on payment of costs.

DEPOSIT SLIP MADE OUT IN WRONG NAME—EFFECT OF ENTRY IN PASS BOOK.

SCHWARTZ vs. STATE BANK.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT, DEC. 3, 1909.

The mere fact that one pays money into his bank does not necessarily create the relation of debtor and creditor between them, since the payment may be to the credit of another.

An entry in the bank book showing that the holder had paid money into the bank would show presumptively that the bank had become his debtor to the extent of the deposit; but the bank book being merely a receipt or a series of receipts is open to explanation, and the bank may show that notwithstanding the entry it is not indebted to the depositor.

The plaintiff presented to his bank some checks for deposit with his own pass book, but with a deposit slip made out in the name of one H., who was also a customer of the bank. The amount of the checks was entered by the teller in the plaintiff's pass book, but credited to H. on the books of the bank: *Held*, that the depositor could not recover of the bank.

THE plaintiff was a customer of the defendant. On October 27, 1905, having eight checks to deposit aggregating $221.30, he presented the checks to the defendant's receiving teller, together with a deposit slip and a bank book. The bank book was plaintiff's own, but the deposit slip was headed with the name of one S. Hammerman, who was also a customer of the bank. The receiving teller, following the usual custom, entered the aggregate of the deposit in the bank book and handed it back to plaintiff. He put the checks into a drawer used for that purpose and placed the deposit slip on a file. Later in the day the amount of the deposit was entered in the customer's ledger from the deposit slip, and since the slip bore Hammerman's name the amount of the deposit was credited to him. Some time later, when defendant sent plaintiff a statement of his account, the error was discovered.

SCOTT, *J.:* We are not referred to any case similar to this in its facts or

controlling as matter of principle. All the cases cited are readily distinguishable. It seems to be clear that the bank book does not constitute the account between the plaintiff and the bank. It contains merely a number of receipts, or entries amounting to receipts, of moneys paid into the bank by the customer. But the mere fact that a customer pays money into a bank does not necessarily create the relation of debtor and creditor between the payee and the bank, for it is quite a common thing for one to pay money into a bank to the credit of another.

Unexplained, the fact that a bank book contained an entry showing that the holder of the book had paid money into a bank would presumptively show that the bank had become the depositor's debtor to the extent of the deposit. But the bank book being merely a receipt or a series of receipts is open to explanation, and it would be competent to show that, notwithstanding the apparent creation of the relation of debtor and creditor, the payment was made under such circumstances that that relation did not arise. This would be shown by proof that at the time of paying in the money the depositor directed that the amount should be placed, not to his own credit, but to that of some one else.

This, as we consider, was the effect of handing in with the deposit and leaving with the bank a deposit slip indicating that the deposit had been made by or for account of another person than the one who actually paid it in. The deposit slip bearing Hammerman's name and reciting that he was the depositor amounted to a direction to the bank to credit the amount to Hammerman. We think, therefore, that as to this deposit the relation of debtor and creditor was never created between plaintiff and the defendant bank. Of course, the plaintiff cannot recover on the theory that the defendant was guilty of negligence, for the first act of negligence, and that which led to the error, was committed by plaintiff himself.

It follows that the determination of the Appellate Term must be reversed and the judgment of the Municipal Court affirmed, with costs to appellant in this court and the Appellate Term.

Ingraham, McLaughlin, Laughlin and Houghton, *J.J.*, concurred.

DISCOUNT PROCURED BY FALSE REPRESENTATIONS—RIGHT OF BANK TO RESCIND AND CHARGE BACK.

ROSALIE FLATOW, admr. etc. vs. JEFFERSON BANK.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT, DEC. 3, 1909.

Where a depositor procures the discount of a note by fraudulent representations, the bank, upon discovering the fraud, may cancel the credit given.

The act of rescission in such case relates back to the original transaction.

ISIDOR L. FLATOW, who died intestate on February 28, 1907, had a deposit in the defendant bank, and on the day of his death the balance in his favor was $653.62. About a month prior to his death he requested the bank to discount a note for $500. The note was made by one Samuel Mishkoff, payable to Flatow's order in ninety days from date. Flatow indorsed the note, and it was discounted by the defendant, the proceeds being credited to his account. This action was brought by his administratrix to recover the balance standing to his credit. As a defense the defendant alleged that it was induced to discount the note by Flatow's false and fraudulent representations to the effect that he was then worth from $12,000 to $15,000 over and above his liabilities, and that Mishkoff, the maker of the note, was engaged in business on his own account and was a solvent and responsible person; and by reason of such false and fraudulent representations it claimed the right to set off $500 of the deposit against the note, admitting its indebtedness for the balance, $153.62. The defendant had a verdict of no cause of action, and from a judg-

ment entered thereon and an order denying a motion for a new trial the plaintiff appeals.

McLaughlin, *J.* (omitting part of the opinion): The evidence justified the jury in finding that the statements made by Flatow as to his solvency were false and that he was not at that time, nor at the time of his death, worth any amount whatever over and above his liabilities; on the contrary, that his estate was insolvent; that the maker of the note was not engaged in business on his own account, and that he had no property whatever. It also justified the jury in finding that the defendant relied upon the statements made by Flatow and believed them to be true when it discounted the note.

The note, therefore, having been discounted by means of false and fraudulent representations, the defendant had a right at any time thereafter upon discovering the fraud to rescind the transaction and cancel the credit given, and this right related back to the time when the transaction was commenced. The personal representative of Flatow, upon his death, took such rights as he had and no more. (Peyman vs. Bowery Bank, 14 App. Div. 432.) When the bank rescinded the contract, Flatow became indebted to it for the amount which he had received, and this irrespective of whether the credit be regarded as money of the plaintiff's intestate or the bank's own money. In either case the money never belonged to Flatow, nor was he entitled to the credit, and to the extent, therefore, of $500, Flatow's administratrix has no interest therein or claim thereto.

As was said in Andrews vs. Artisans' Bank (26 N. Y., 298): "If the facts respecting the discount of Bensen's note were such as the defendant offered to prove them, the credit which the plaintiff obtained on the defendant's books, being the result of his fraud, was unavailing either as a contract for the payment of the sum which was in form credited or as evidence of money of the plaintiff in the defendant's hands. The contract to pay the amount to the plaintiff upon his checks in the usual course of banking business, which would have arisen, if no fraud had intervened, could not be predicted of the transaction if it should appear to have been brought about by the fraud of the party seeking to avail himself of it. Fraud vitiates every contract and renders void as to the guilty party every transaction into which it enters.

The jury, therefore, was justified in finding that the defendant was not indebted to the plaintiff to the extent of $500.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B,A.. L.L.B., Barrister, Toronto]

SUCCESSION DUTIES — NEW BRUNSWICK STATUTE—FOREIGN BANK—SPECIAL DEPOSIT IN LOCAL BRANCH—DEPOSITOR DOMICILED IN NOVA SCOTIA—DEBT DUE BY BANK—NOTICE OF WITHDRAWAL—ENFORCEMENT OF PAYMENT.

LOVITT VS. THE KING (43 S. C. R. 106).

L., whose domicile was in Nova Scotia, had, when he died, $90,000 on deposit in the branch of the Bank of British North America, at St. John, N. B. The receipt given him when the deposit was made provided that the amount would be accounted for by the Bank of British North America on surrender of the receipt and would bear interest at the rate of three per cent. per annum. Fifteen days' notice was to be given of its withdrawal. L's executors, on demand of the manager at St. John, took out ancillary probate of his will in that city, and were paid the money. The Government of New Brunswick claimed succession duty on the amount.

Held, reversing the judgment of the Supreme Court of New Brunswick (37 N. B. Rep. 558), Idington and Duff, J.J., dissenting, that the Government was not entitled to such duty.

Held, per Davies and Anglin, J.J., that notice of withdrawal could be given and payment enforced at the head office of the

bank in London, England, and perhaps at the branch in Montreal, the chief office of the bank in Canada.

GEORGE H. LOVITT had his fixed place of residence at the time of his death in the Province of Nova Scotia and had on deposit in the Bank of British North America at the City of St. John in the Province of New Brunswick, $90,351.75 represented by deposit receipt at the time of the death of the said Lovitt was in his possession at Yarmouth in the Province of Nova Scotia.

The executors required payment of this sum from the Manager of the Bank at St. John who refused to pay the same until the executors took out ancillary probate in the Province of New Brunswick which was done by the executors. Thereupon the Province of Nova Scotia claimed succession duty on this sum of $90,351.75.

A stated case was submitted for the opinion of the Court on these facts.

JUDGMENT (SIR CHAS. FITZPATRICK, *C.J.;* GIROUARD, DAVIES, IDINGTON, DUFF and ANGLIN, *J.J.):* All of the learned Judges read reasons for judgment and the majority of the Court, with Idington and Davies dissenting, held that the Province of New Brunswick was not entitled to succession duty on this sum. The following is a summary from the judgment of Mr. Justice Anglin:

"Three questions arise upon this appeal; the first, whether upon the proper construction of certain bank deposit receipts issued from a branch office of a bank the moneys represented by them are demandable by the depositor or his representatives only at the branch office at which the deposits were made; the second, whether the debts evidenced by these documents are taxable property at the place of the deposit within the purview of the "Succession Duty Act" of New Brunswick; and the third, whether, in so far as it may be held to cover such debts due to a decedent not domiciled in the province, this legislation is intra vires of a provincial legislature.

"The deposit receipts are in the usual form. Issued and dated at St. John, N. B., where the deposits were made, but naming no place of payment, they purport to bind the Bank of British North America, after fifteen days' notice, to account to the depositor for two sums of $86,775.93 and $3,575.83 with interest, on surrender of the receipts which are non-transferable. The head office of the bank is in London, England. For the purposes of such sections of the "Dominion Bank Act" (R. S. C. ch. 29) as apply to it, its chief office is its office at Montreal (section 7). It maintains a large number of branches throughout Canada under the authority of Section 76.

"The terms of the receipts sufficiently imply the exclusion of the general principle of English law, "that the debtor is to seek out his creditor and pay him where he lives." But excepting the fact that they are dated at St. John, N. B., where the deposits were made, they afford no indication of the place of payment. They purport to bind the bank as a body corporate. The bank as a single entity is unquestionably the debtor.

"But in the absence of any designation of any place of payment, while it may be questionable whether the creditor would have the right to give notice of withdrawal and to make demand for payment at some local branch of the bank other than that at St. John a right to give such notice and to demand payment at the head office of the bank in London, England, or, perhaps, at its chief office for Canada, in Montreal, as well as the St. John branch, is, in my opinion, at all events in the absence of any evidence of custom of bankers or course of business precluding it, conferred by these contracts."

The learned Judge then considered the case of Attorney-General vs. Newman, 31 O. R., 340, where the circumstances were somewhat similar and continued, "I must, with all proper respect, express my dissent from the conclusion there reached that moneys represented by deposit receipts issued by Ontario branch offices of banks having their head office outside of Ontario are

property which can only be properly demanded and administered from that Province.

"The attempt by succession duties to tax property not within the Province is outside the constitutional powers of the Province, as was decided by the Privy Council in Woodruff vs. Attorney-General for Ontario, 1908, A. C. 508."

After a careful review the learned Judge holds that succession duty is a tax not upon the succession or the admission to administration but is a tax upon the property itself and, therefore, the situs of the property becomes a matter of prime importance. Under English law it is well established that a simple contract debt owing by an individual is property which has a local situs where the debtor resides and as the debtor in the present case is resident not only in New Brunswick but elsewhere and the money on deposit could be properly demanded outside of that Province the debt is not strictly property within the Province of New Brunswick. A corporation may for some purposes have many residences.

CONTRACT — CONSTRUCTION — SALE OF BUSINESS—COVENANT OF PURCHASERS TO MAKE ANNUAL PAYMENTS—COVENANT OF VENDORS NOT TO ENGAGE IN SIMILAR BUSINESS—INDEPENDENT COVENANTS — PERFORMANCE OF SUBSTANTIAL PART OF CONTRACT.

TELFORD VS. SOVEREIGN BANK OF CANADA (1 O. W. N. 822).

ACTION by the surviving members and the representatives of a deceased member of the firm of Telford & Co., who for many years carried on business as private bankers at Owen Sound, to recover certain sums of money alleged to be due under an agreement dated May 31, 1906, between the firm and the members thereof, of the first part, and the defendants, of the second part, the material parts of which are as follows:—

1. For the consideration thereinafter mentioned, the firm sold and transferred to the bank the business carried on by the firm at Owen Sound, the assets of which should be deemed to consist of loans to customers, with the collateral securities attaching thereto, notes, drafts, and other instruments discounted by the firm, and the goodwill of the firm, and the liabilities of which should consist of all deposits and balances to the credit of customers at the date of the agreement.

2. The firm guaranteed the payment of all notes, loans, etc., discounted by the firm, until assumed and taken over by the bank, the bank having the right to refuse to assume any of the loans. . . .

5. "For and in consideration of the present agreement, the said bank does hereby undertake and agree to pay each of the members of the said firm . . . or their respective heirs, executors, etc., the sum of $250 per annum for ten years from the date hereof. Provided, that if the deposits to the credit of the customers of the said bank at the branch at Owen Sound do not amount to a steady average of $400,000 on or before the 1st day of June, 1908, the amount payable to the parties of the first part . . . shall be reduced to $200 per annum on or after the said 1st day of June, 1908."

6. The bank agrees and undertakes to take John C. Telford and William M. Telford, son and nephew of W. P. Telford, one of the firm, into service at Owen Sound at a salary of $1,000 each per annum for the first year, the said W. M. Telford to be made manager of the said branch from the 1st of June, 1906; and it was provided that the agreement should not prevent the bank exercising the usual supervision over John C. Telford and W. M. Telford, who should be subject to the rules and regulations of the bank the same as other managers and members of the bank staff. . . .

8. The firm undertook and agreed to use their best efforts to enable the bank

to retain the whole of the deposits transferred to it, and to do all in their power to assist the bank in maintaining the banking business and to make a success of the branch generally.

9. "The vendors (firm) do jointly and severally undertake and agree not to engage either directly or indirectly in any private banking business in the Province of Ontario for a period of five years from the date hereof, and not to become directors, officers, or managers of any chartered bank of Canada in Owen Sound or within a radius of fifty miles therefrom." . . .

Pursuant to the agreement, the private banking business at Owen Sound was duly transferred to the defendants, who opened a branch there, and W. M. Telford was installed as its manager.

Upon realization of the assets of the private banking business a surplus was obtained and paid over to Telford & Co., and the first annual payment provided for in paragraph five was made June 1, 1907.

The defendants having become embarrassed in January, 1908, their entire business was taken over under an agreement with other banks, and the branch at Owen Sound was closed, and its business transferred to a branch of the Merchants Bank in that city.

On January 21, 1908, W. M. Telford was notified by the defendants' general manager that at the expiration of three months his services would not be required, and on February 4, 1908, he forwarded to the general manager his resignation, and informed him that he had received an offer of a position with the Merchants Bank at Owen Sound.

The resignation was duly accepted on February 6, and, no objection to his taking a position with the Merchants Bank being made, he on the same day took the position of accountant in the local branch of that bank, and, until the defence in this action, the defendants never raised any objection that his entering into the service of the Merchants Bank was a violation of the agreement.

The action was to recover the annual payment of $250 to each of the seven members of the firm, due on June 1, 1908, under clause five of the agreement.

In answer to the action the defendants pleaded that W. M. Telford, who was one of the plaintiffs, entered into the employment of another bank, in contravention of paragraph nine of the agreement, and, the covenant therein contained being joint and several, the defendants were absolved from further liability upon the agreement by reason of the plaintiffs' breach thereof.

Judgment (Teetzel, *J.*): After setting out the facts as above, he said that the fundamental question was whether the covenant contained in paragraph nine was an independent covenant, or whether its observance was in the nature of a condition precedent, for, if the defendants' covenant in paragraph five was not dependent upon the plaintiffs' covenant in paragraph nine being strictly observed, the plaintiffs were entitled to enforce the performance of the covenants contained in paragraph five, and therefore entitled to recover in this action.

Having regard to the main purpose which the parties had in view, namely, the acquisition by the defendants of the plaintiffs' well-established private banking business as a going concern, and the payment therefor of the substantial annual sums to plaintiffs, and having regard also to the arrangement and language of the whole agreement, I cannot say, in the absence of an express provision to that effect, that the parties intended that the observance by the plaintiffs of the provisions of clause nine . . . was to be a condition precedent to the defendants' liability to pay a single dollar for the consideration money provided for in clause five. . . .

The construction that the plaintiffs' covenant contained in clause nine is not precedent to the covenant of the defendants contained in clause five, but is an independent covenant, going only to be a part of the consideration, and for breach of which the defendants could be awarded damages with an injunction, is, I think, strikingly demonstrated to

be the correct construction by the judgment in Carpenter vs. Creswell, 4 Bing. 409, 411. . . .

After one party has performed a contract in substantial part, and the other party has accepted the benefit of the part performance, the latter may thereby be precluded from relying upon the performance of the residue as a condition precedent to his liability. In such case he must perform the contract on his part and claim damages in respect of the defective performance.

Judgment for the plaintiffs for $1,750 and interest from June 1, 1908, and costs.

PROMISSORY NOTES—CONSIDERATION—TRANSFER OF BANK SHARES—ILLEGAL TRAFFICKING BY BANK IN ITS OWN SHARES—DIRECTORS—BOND—NOTES GIVEN TO REPAIR WRONGDOING—HOLDER IN DUE COURSE—ACQUISITION OF SEVERAL NOTES AFTER MATURITY—NOTICE OF ILLEGALITY AS TO OTHERS—EVIDENCE—ONUS—COSTS.

STAVERT VS. MCMILLAN (1 O. W. N. 825.)

THE facts of the case appear sufficiently clear from the judgment of Chancellor Boyd.

JUDGMENT: That which underlies and affects the whole litigation is a series of dealings by which the money of the Sovereign Bank was used in purchasing shares of its own stock to the extent of about $40,000. The shares so acquired stood in the names of various nominees of the bank—brokers, officers of the bank, and others—who undertook no personal responsibility and whose names were in some cases used without their knowledge. The whole transaction was managed by the then general manager, Stewart, and there is no doubt that the money was illegally withdrawn from the funds of the bank and used in violation of the statute. (The Bank Act, R. S. C., 1906, ch. 29, sec. 76.) The shares were bought to be sold again, and the plan was to keep up the price of the stock and to make possible profits. The process amounted to an illegal trafficking in the shares, was ultra vires, in disregard of the public policy forbidding banks to engage in such a line of business, and placed in jeopardy the charter of the bank. . . .

The notes . . . were given for value, represented by the transfer of shares apportioned to each, and in the whole representing in value the $400,000 of the bank's money illegally expended.

This was, I think, the whole consideration as between the bank and the defendants; but, even if it was only a part, it is enough to raise the next important question: in how far can an action to enforce payment be entertained by the Court?

We start with a transaction or series of transactions illegal in every sense. There was an unwarrantable misapplication of the bank's money, which was ultra vires, in the teeth of the Bank Act, and in violation of the public policy to be observed and maintained in the public interest. The Act says that an incorporated bank shall not, except as authorized by the Act, directly or indirectly purchase or deal in or lend money or make advances upon the security or pledge of any share of its own capital stock. (Sec. 76 [2b]). There was clearly a purchasing of shares, and the purchase was in order to their being again sold. That is a trafficking in its own shares, which is forbidden. The original acquisition of the shares was not merely voidable but void; it was a nullity, not to be validated by lapse of time or by any action of the bank or the shareholders.

Then what was the transfer of these shares to the defendants, in exchange for the notes sued on, but a sale of shares? . . .

Going back to the bond given by the directors to guarantee the payment and to take over or otherwise dispose of the

stock, it could not have been enforced in any court of law or equity. The reason is succinctly given by Bramwell, B., in Geere vs. Mare, 2 H. & C. 339, 346:

"The indenture declared on was executed as a security for the payment of a debt founded on an illegal consideration, and as the debt could not be enforced against the debtor, neither can it be enforced against the person who has executed the security for its payment." The result is the same if part of the consideration is illegal, for, as said in one of the cases, where the parties (as, 2.g., the bank and the directors) have woven a web of illegality, it is not part of the duty of Courts to unwind the threads.

Considered as between the bank as holder and the defendants (directors and others, their friends), the case appears to be that of the bank adopting the shares bought with its own money and selling them to strangers for a price sufficient to recoup the first illegal outlay. . . .

I think that the bank has not power to transfer these shares or enforce payment for them against an unwilling purchaser. The bank has no legal title to the shares, and can confer none; so that in the hands of any one having knowledge of notice of the facts or of the violation of the statute, the notes cannot be enforced by action.

The legal result of the facts indicates the practical impossibility of the bank undertaking to indemnify the defendants in regard to their having become holders of the stock. The expenditure of the bank's money was a misfeasance in the first place, and any indemnification would be an agreement further to misuse the shareholders' money.

Upon the evidence it appears that fifteen of the notes sued on required to be indorsed to the plaintiff after January 18, 1908, before he would acquire title thereto or become a holder in due course. . . . My conclusion is as to these fifteen notes that he had sufficient notice of the situation as between the directors and the bank as to this stock being purchased with the bank's moneys and as to the way in which the notes sued on were given.

As to these fifteen notes, the actions fail and should be dismissed; but no costs are given where the defence is illegality.

As to the other nine notes, a case of illegal consideration is shown, and in that event the law casts the burden of proof upon the holder to prove both that under value has been given, and that it has been given in good faith without notice. Suggestive circumstances are in evidence as to these notes, *e. g.*, the refusal of the Morgans to accept them as commercial security for advances, and that fact that Mr. Stavert was in touch with the Morgans, so that he may have been well advised in not tendering any evidence on this head. In ordinary circumstances, there would be jurisdiction, on a proper application, to open up, on terms, for a further trial. But, having regard to the situation of the defendants, who came in as parties in aid of the directors, and who are entirely volunteers, relying on credible assurances that their signatures were mere matters of form, and to the situation of the directors, who are open to be pursued for their alleged privity with the general manager, in respect of the whole sum involved, as joint tort-feasors, and to the common danger of both sets of defendants to be called upon, in the event of winding up proceedings, to make good the amounts represented by the shares they hold, and also for the double liability of shareholders, I think it more advisable not to litigate further on this record as to the knowledge or notice possessed by the plaintiff when the notes payable to bearer came to his hands. It is better, in my opinion, to dismiss this part of the controversy also without costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

GIVING INFORMATION AS TO DEPOSITOR'S ACCOUNT

MADISON, S. D., July 10, 1910.

Editor Bankers Magazine:

SIR: Supposing a business man to have committed suicide on account of financial reverses, leaving three or four large creditors, one creditor especially holding a large sum against the dead person, with nothing in sight. Now then in case this creditor, who is a stranger in the community, should come to a bank, and there be introduced by some responsible business man, and he should then ask the bank to inform him as to the amount of money on deposit in the name of the person now dead, is there anything in commercial or banking laws to warrant a bank giving this information under any circumstances, and especially under these outlined above?

JOHN W. WADDEN,
Vice-president.

Answer: It is not customary for a bank to furnish information of this character. The relation between a bank and its depositor is confidential, and information concerning the condition of his account is given only with his consent or upon some legal compulsion, as, for example, in an attachment proceeding. And the same course is to be pursued after his death. In strictness, the only persons entitled to ask for such a disclosure, where the depositor has died, are the executors or administrators, though cases may arise where, before the will has been probated, or administrators appointed, it may be proper to disclose the facts to persons who have a legitimate interest in knowing, as, for example, a son, or the widow, or a surviving partner. But all this is a matter of good taste and business ethics, and not a question of legal right.

PAYMENT OF INTEREST COUPONS ON CALLED BONDS

PORTLAND, ME., July 8, 1910.

Editor Bankers Magazine:

SIR: What is the law, as well as custom and usage relating to coupons on called bonds that have run beyond the called date, that is, a bond with a callable clause may be called for payment, according to its terms, say on October 1, and the call advertised in the New York papers. A holder in an obscure city or locality does not see the New York papers, consequently a six months' period after the call comes round and, in presenting April 1 coupons, is told that bonds were called as of October 1, six months before, and that April coupons are of no value. Yet the October coupons had been paid without the holder or collecting agent being informed that the bonds themselves were called for payment at that time.

Our experience has been that coupons on called bonds that mature on date of call are not paid until bonds are presented with them.

In other words, will law, custom or usage oblige an innocent holder, who has no knowledge of the call, to sacrifice the income for a period of six months on such securities to the sole advantage of the issuing company?

After receiving notice that the April coupons are not paid, account of bonds being called—no date of call being given—and the bonds are forwarded for collection, is the collecting agent justified in surrendering the April coupons upon simply receiving payment for face of bonds?

CASHIER.

Answer: The rights of the holder of a "call bond" are not determined by practice or usage, but by the terms of the instrument itself. They differ from ordinary bonds in that the corporation issuing them has the right to pay them off before maturity, and the bond itself, or the mortgage by which it is secured, provides for the mode by which it is to be "called," and for the manner of giving notice. A compliance with these provisions is equivalent to a legal tender of the amount then due, and stops all further interest. The fact that the holder may not have seen the notice is immaterial; publication in the mode provided for is constructive notice to him, and binds him as effectually as if he had received notice. For example, if a bond should provide that the corporation making it might discharge it at any time, by depositing the principal

sum and the accrued interest with the Farmers Loan and Trust Company of New York, and publishing notice in the New York Times and Evening Post once a week for four successive weeks, such corporation in order to defeat any claims for interest after that time would have only to prove the deposit and the publication. And as the coupons of a later date would represent only subsequent interest, proof of these facts would operate as a bar to any claim on them.

DRAFT ON SAVINGS ACCOUNT WITH INTEREST

Newark, N. J., June 4, 1910.

Editor Bankers Magazine:

Sir: I send you a copy of a draft which was presented to us for payment in the regular course of business, drawn against funds on deposit in our investment department, and payable to and indorsed by the Home and Home Company, followed by three (3) regular bank indorsements.

The amount of deposit to the credit of John Smith on the date of presentation of the draft was $1,155. Would we in paying to the last bank whose indorsement appears thereon the sum of $1,155, there being no accrued interest due this account, possibly incur a loss for one or both of the following reasons:

The draft was one of our regular forms which states that the pass book must accompany the draft when funds are withdrawn, and that the amount of the draft was to be charged to a specific account, hence the promise is conditional in that the payment of the draft depended upon the sufficiency of a specific fund against which it was drawn.

Second, the amount is not certain, in that the draft calls for $1,155 and interest.

It would seem to me that the draft in question is non-negotiable for one or both of the reasons cited, and hence the regular bank indorsements appearing thereon could not be regarded as indorsements, with the usual liability attendant thereto, for my understanding is that the term indorsements specifically applies to those names which appear on the back of negotiable (commercial) paper.

Should the maker of this draft subsequently raise any question in regard to the payment thereof, due for instance to lack of fulfillment of contract on the part of the payee, or a setoff of all or part of the amount as prior consideration for the amount of the draft, would we be required to repay to the maker the amount in question and then seek to obtain re-imbursement from the payee, whom we do not know, as recourse to the three (3) banks whose indorsements appear on the draft could not be had for the reasons above stated.

There may possibly be other points for consideration in reference to this draft, but those mentioned are undoubtedly sufficient for you to decide the question at issue.

If my contention is correct, can you suggest a form of draft to be used or procedure to follow which will protect us against any contingency, similar to that which forms the basis of this inquiry.

April 25, 1910.

Safety Trust Company,
Newark, N. J.
Investment Department.

Pay to the order of Home & Home Company, or bearer, Eleven hundred and fifty-five dollars and interest. Value received, and charge to account No. 1,000.
$1.155.00 and interest.

(Signed) John Smith.
Teller.

Answer: Where a check or draft is presented to the drawee bank for payment, that bank is not concerned with the question whether the instrument is negotiable or not; but has only to know that the paper is genuine, and to see that payment is made strictly according to the directions given. (Crawford vs. West Side Bank, 100 N. Y. 50.) Now, in the case stated in the inquiry, the depositor has directed that $1,155 and interest be paid "to the order of Home & Home Company, or bearer"; and if this is done, he has no ground of complaint. If, then, the paper bears the genuine indorsement of Home & Home Company, as is stated in the inquiry, there seems to be no reason why payment may not be made to the bank presenting the same. As to the amount, the bank making presentment might perhaps ask for instructions as to whether it should receive the principal sum without any interest; but if that bank is willing to take the principal alone, there is no reason why the drawee bank should not pay it.

INVESTMENTS

Conducted by Franklin Escher

A NEW ERA IN RAILWAY FINANCE

By Homer Sloat

WHAT the action of the Commerce Commission will be with regard to the rate increases on which it is now deliberating, it is still too early to say, but from what has been done so far it is evident that a new era has dawned in railway finance. The day of rebates, discriminations and unreasonable high rates is over. Secret agreements will have a hard time surviving the searching inquiry of the Commerce Commission. The millennium in railway financial operations can hardly be said to have come, but it is a fact that. with the Interstate Commerce Commission empowered as it has been by the new law, railroading will become a straighter and more above-board business than ever before.

General Freight Rate Revision.

For whatever the effects may be of the railroad legislation recently enacted, it is to be borne in mind that the Commerce Commission has been practically authorized to go ahead and revise the freight rate situation—revise it wherever and however it may seem necessary—rates to be put down where they are found to be too high and to be put up where they are found to be too low. From the Atlantic to the Pacific the searching eye of the seven legal minds which go to make up the Commission are scanning the rate situation. It has been put up to them on behalf of the people of the United States to see to it that the railroad business of the country is conducted on a fair and equitable basis. Judging by the activity already displayed in searching out inequities, the Commission intends not only to find out what is the trouble and where it exists, but with a strong hand to apply the corrective.

To aid it in the application of justice, the Commission will have the Commerce Court—that creation of the President, designed to further and facilitate the course of justice. We have here both elements, that to investigate and that to correct. Their application has been going on for only a short time, but already it is evident that railroad conditions are in every respect to be purified and improved.

First Decisions Indicate Little.

On edge as the railroad men have been since the passing of the railroad law, it is rather unfortunate that the first important rulings of the Commission have been, in the Nevada rate cases, strongly against the railroads. It was, however, nothing but a coincidence that the first corrective applied by the Commission should have been in the way and *lower* freight rates—it might just as well have been that where rates were found too low they might have been raised. It is to be remembered that synchronously with the Nevada rate decision, drastically cutting down freight rates, permission was given to the New York Central to advance rates sharply on commodities between New York and Buffalo. If the railroad men were given the impression, because the first important action of the Commission appeared to be adverse, that they (the railroad men) are "up against it," the rest of the country does not look at it that way. Railroad students realize fully that the situation is full of unequalities—that in many directions rates ought to be put down and that in many directions they ought to be put up. The fact that the Commission has started in by cutting down rates in one quarter shows absolutely nothing. Later on, the railway men will have their inning, when the in-

evitable sharp advances which are to come are announced.

Clearing the Situation.

What can be read from the situation so far as it has gone is a determination on the part of the seven members of the Commerce Commission to go ahead with the task which has been entrusted to them and to make as good a job of it as they possibly can. When they get through with it, the chances are that the situation will still be far from perfect, but that an immense amount of good will have been done seems altogether likely. The men on the Commission are equipped for the task. By the recent law enacted, they have been granted the necessary authority. Through the operation of the Commerce Court, they will be backed up in what they do. And as a result of all this, investors in railroad securities may be assured that in the new era of railway finance which is dawning on a very much darkened horizon, there is safety for themselves and appreciation in the intrinsic value of the securities they hold.

MOVING THE CROPS

By John Terret

IT is midsummer now, and we are hearing a great deal concerning the financing of the crops. Every year we have the same thing and every year from the West comes the report that the banks of the interior are well able to handle, unassisted, the seasonable demands for crop-moving currency. We have gotten used to that; we hear it every year. And yet every year, aid, and on a large scale, from the Eastern banks, is not a question of whether but of how much. It is not at all a question of whether we shall have to send a big amount of currency Westward this season; it is only a question of how much greater than usual the amount will be this year.

For in spite of the deterioration noted in spring wheat in the last Government crop report, every indication is that the crops this year will be fully up to the average—that corn, in fact, will far surpass all previous yields and that cotton will approach the thirteen-million-bale mark. Nineteen hundred and ten, in spite of the activity of the crop-killers, will see the country blessed with an abundant harvest. It will also see this part of the country blessed with a necessity of sending Westward anywhere from fifty to one hundred million dollars in currency that the financing of this abundant harvest may be accomplished.

Especially interesting is the situation this year because of special conditions prevailing. In the first place, there is the land speculation, which, while it has swept the country from end to end, has burned most fiercely in the country's agricultural sections. After that there is to be considered the loss of our favorable trade balance—the fact that we are struggling along to keep exports up to the level of imports. Thirdly, there must be considered the condition of the bond market and the inability of dealers and syndicates to market what they are carrying along.

Influence of the Land Speculation.

Entirely aside from its moral or economic aspect, the land speculation concerns the question at issue chiefly because it is causing so wide an expansion of credits throughout the Western States. The way in which the controversy over this matter is raging is really quite remarkable. Asseveration that the banks have put a check upon the land speculation and that it is well in hand is followed by flat denial by authorities high in the banking world, who claim that the speculative movement has tied up the banks to an extent not seen since the land boom of the 80s. Just where the matter stands, it is pretty hard to tell; it may safely be assumed, however, that the speculative mania has got a pretty good grip upon

the banks as well as on the farmers, and that the big increase in the banks' loans represents money used in land speculation.

How will it affect the ability of the banks to finance the crops? Almost immediately now they will be called upon not only to extend credit widely but to furnish big amounts of actual currency. Will they be able to do it without drawing heavily upon the East? Considering their generally extended position, probably not. Of inflation, there is heard nothing, from good authority, but of wide extension, yes. The banks are "loaned-up" and that is all there is to it. If they are going to extend to their local customers the accommodation they will so soon be needing, they will be able to do it only by drawing heavily upon their Eastern correspondents.

Help from Abroad.

Then, again, there is to be considered the fact that the way in which our foreign trade has been shaping itself and the way in which our trade balance has disappeared mean that we shall not be able to requisition foreign capital to the same extent as formerly. On account of the big balances which American banks are now in the habit of carrying abroad and on account of the credits which we seem able readily to obtain on the other side, it may be possible for us to bring a lot of foreign money into this market if necessary, but such aid will be aid and not the use of our own money. If we find ourselves in a tight box, will the foreign bankers be willing to help us out? Probably yes, though not to an indefinite extent, and certainly not except upon the payment of a good stiff rate of interest. We can probably get help, but if we do we shall have to pay for it.

The Congested Bond Market.

Lastly, there are to be considered the very much congested conditions prevailing in the investment markets and the way in which capital here in the East is tied up in the securities being carried along by syndicates and other large interests. Things are better than they were, there is no doubt about that. At the same time, with all the liquidation which has taken place, they are none too good. There has been a slightly better movement of securities from the dealers to the investment public, but the movement at best has been a slow and halting one, and bank loans to those who are carrying along stuff of which they cannot dispose are still on a big scale. With things in this condition, what will happen if the banks are to be heavily drawn upon and compelled to call loans? Without seeming in the least to take an alarmist view of the situation, it can be seen that there is at least a chance that a good deal of further liquidation will be necessary.

From the foregoing, it is plain that

the situation contains, if not the elements of down-right trouble, at least the possibility of decidedly firm money rates this Fall. A bird's-eye view would seem to indicate that the possibility of trouble and the relief for the trouble exist side by side. It may be, of course, that the forewarning of the trouble may have caused such preparations as will obviate it to a great extent, but it is hardly possible to get away from the fact that a pretty stiff level of money rates this autumn is to be expected. Fortunately, for the good of the situation, along with the probability that money rates will be decidedly firm, there exists the probability that the banks here, from abroad and otherwise, will be able to get the aid they need.

GUARANTEED STOCKS

THE ADVANTAGE OF THEIR PURCHASE AS TAX-EXEMPT INVESTMENTS

By Frederick Hill (With Joseph Walker & Sons)

THE great increase in taxes during the past few years has led to considerable inquiry concerning the tax laws of the various States. These laws are not sufficiently known to the average investor, especially to the trustee of an estate and the large taxpayer. Moreover, even if the laws are known, lack of knowledge usually exists of the different classes of securities which are exempt from taxation and in which an investment may be made.

This increase in taxes has created a strong demand for guaranteed stocks, which are exempt from State, county, town, city and village taxation, in accordance with the various State laws governing them. In other words, by these laws the holder of guaranteed stocks is exempted from taxation on personal property to an amount represented by such stocks. Consequently, at this time, it has seemed most advisable to explain this favored class of investment.

General Description.

These stocks have their dividends guaranteed by a lease made for a term of years (usually 99 or 999 years) at a fixed annual rate to some larger railroad or other corporation, to which, in most cases, the leased properties are absolutely essential and of which they form an integral part.

The large railroad systems are, with few exceptions, consolidations of smaller roads, which generally form their main lines or important branches. For instance, the Pennsylvania Railroad Company leases the United New Jersey Railroad & Canal Company for 999

years, agreeing to pay all operating expenses and interest charges, taxes, organization expenses and ten per cent. annual dividends on its stock. This road is the main line of the Pennsylvania Railroad between Jersey City and Trenton and provides its terminal in the former city.

Similarly, the Pennsylvania Company leases the Pittsburgh, Ft. Wayne & Chicago Railroad Company, which is the main line of the Pennsylvania System from Pittsburgh to Chicago; the New York Central & Hudson River Railroad Company leases the Rome, Watertown & Ogdensburg Railroad Company; the Delaware, Lackawanna & Western Railroad Company leases the Morris & Essex Railroad Company, which is the main line of the Lackawanna System in New Jersey and its terminal in New York Harbor, and the New York, Lackawanna & Western Railroad Company, which is the main line of the Lackawanna System from Binghamton to Buffalo; and the Delaware & Hudson Company leases the Rensselaer & Saratoga Railroad Company, which forms the main line of the Delaware & Hudson System from Troy to Lake Champlain. The great value of the leased roads to their lessees is thus clearly seen.

Dividends Are Prior Obligations.

The dividends on guaranteed stocks are prior obligations to those on the stock of the guaranteeing company, and some of these stocks, such as Joliet & Chicago and Kansas City, St. Louis & Chicago preferred, guaranteed by the Chicago & Alton Railroad Company, are prior obligations to the bonds of the guarantor. In many cases, the leased roads have no bonded debt, their stocks being their only obligation; consequently, these stocks such as Ft. Wayne & Jackson preferred, guaranteed by the Lake Shore & Michigan Southern Railway Company; Nashville & Decatur, guaranteed by the Louisville & Nashville Railroad Company; Rome & Clinton, guaranteed by the Delaware & Hudson Company; and Southwestern of Georgia, guaranteed by the Central of Georgia Railroad Company, are practically a first lien upon the property.

No Maturity Dates.

With few exceptions, guaranteed stocks have no maturity dates, as have bonds, and hence the trouble of re-investment at fixed periods and the writing off of premiums is avoided. They can be purchased in large or small amounts, their par value being from $50 to $100 per share. The dividends are mailed on fixed dates by check from the office of the company to the registered holder of the certificate, or the assignee thereof and, hence, the annoyance of cutting off coupons, as from bonds, and their possible loss is avoided. Guaranteed stocks are a most convenient form of investment for women. Unless properly endorsed by the owner or his legal representative, they are non-negotiable; and consequently the risk of ultimate loss by theft or accident, which risk exists in the case of coupon bonds, is minimized.

Earnings of Leased Roads.

The earnings of practically all of the leased roads are well in excess of the rentals paid by the lessee. Many of the roads were leased years ago and, consequently, their properties have greatly enhanced in value.

Many of the leases contain provisions, which have resulted and will result in additional benefits to the stockholders of the leased roads. For example, Lake Shore & Michigan Southern guaranteed stock receives ten per

cent. annual dividends and is entitled to share pro rata with the stock of the Lake Shore & Michigan Southern Railway Company in excess of earnings over ten per cent. per annum. Morris & Essex stock is entitled to seven per cent. annual dividends and an additional one per cent., when earnings reach a certain amount. In 1900, the dividend on the stock of the New York & Harlem Railroad Company was increased two per cent., through the refunding of its seven per cent. bonds into 3½'s and, similarly, in October, 1909, the Albany & Susquehanna Railroad Company won its suit against the Delaware & Hudson Company, thereby obtaining an accumulated cash dividend of thirty dollars per share and an increase in its annual dividend from nine per cent to 12.45 per cent.

Extra dividends are frequently paid, as in the case of Peoria & Bureau Valley, guaranteed by the Chicago, Rock Island & Pacific Railway Company, and Little Schuylkill Navigation Railroad & Coal Company, guaranteed by the Philadelphia & Reading Railway Company.

The stocks, which are considered the best, naturally, sell at the highest prices (lowest income basis) and their selling prices are determined by their individual value, earning power, marketability, capital stock and bonded debt and importance to the guarantor and the strength of the guarantor.

They are owned largely by the most conservative investors, including estates, fire insurance companies, casualty and surety companies and trust companies.

Exemption from Taxes.

Holders of guaranteed stocks are exempt from taxes levied by a State, county, town, city and village, or local subdivisions, such as school and road districts. Because of the high tax rates existing practically everywhere, unless investments are made in tax exempt securities, the net income therefrom is greatly reduced. For example, the tax rate in the Borough of Manhattan, New York City, for the year 1909 was 1.67 per cent., and if an investment were made in bonds liable to taxation, yielding an annual income of five per cent., the net return would be only 3.33 per cent., whereas, if the investment were made in a five per cent. tax free security, the net return would be exactly five per cent.

Assuming that "A" invests $10,000 in four per cent. taxable bonds at par, and that the tax rate is 1.50 per cent. per annum (in many instances it is higher) his gross annual income is $400, but from this amount must be deducted the tax, which he is obliged to pay of 1.50 per cent. on the $10,000 invested, which reduces his net income to $250. Now, assuming that "A" invests $10,000 in a four per cent. non-taxable security, such as a guaranteed stock, at par, his gross annual income will be $400, and, since he is obliged to pay no tax, his net income is exactly the same, or a clear saving or gain of $150. But, as guaranteed stocks yield an annual income of from 3.75 to five per cent., according to the individual stock, "A" can, by their purchase, increase his income proportionately and still have a conservative and safe investment.

As Investments for Estates.

The trustee of an estate must be governed, in the matter of the investments he may make, by the terms of the

instrument creating the trust. In some cases, he is restricted to bonds, which the State laws prescribe as legal investments for trust funds. In other cases, he may invest only in certain railroad bonds and guaranteed stocks, while in still other cases he is unrestricted and can use his own judgment as to making purchases. In any event, it should not only be his aim, but his duty, to obtain as large an income as possible, commensurate with safety and, in order to do this, it is necessary for him to invest in tax exempt securities. Because of their security and their exemption from taxation, guaranteed stocks are extremely attractive investments for estates.

The purchase of guaranteed stocks can be recommended because:

First—Their security of principal and permanence of dividends.

Second—Their convenience of form and ready salability.

Third—Their exemption from taxation in accordance with the different State laws governing them.

Fourth—Their offering a higher net income commensurate with the same degree of safety than can be obtained by purchasing other tax exempt securities.

DANGER OF THE CURRENT SPECULATION IN LAND

By Franklin Escher

THE American nation is temperamentally optimistic—disposed to take chances with its money. There is, consequently, seldom a time when we are not speculating in something. It may be in stocks or in mining shares, in grain or in land, but somewhere there is bound to be an outlet for speculative exuberance. Just at present, stocks, mining shares and grain are neglected and the country is being swept from end to end by a speculation in land of wider extent than any that has been since the 80s.

There are certain sections of the country where the speculative fever is raging more fiercely than in others, but to no special locality or district is the movement confined. Down in central Florida, sand lots are being sold like hot cakes to excursionists brought from hundreds of miles away on special excursion trains, run at the promoters' expense. Out in the farming sections of the country, mortgages are being slapped on farms cleared of such encumbrances by the rural prosperity of the past few years. In the Southwest, the sun-baked plains of Northern Texas, Arizona and New Mexico are being exploited as a veritable Eldorado, and lands which have been all along considered worthless are represented as about to be made valuable by irrigation and other schemes. To the northward, the land opened up by the new railroads which have been pushed through to the coast are a fertile field for speculative effort and are bounding upward in price. As Vice-President Talbert of the National City Bank recently remarked, to find the limit of the present speculation you have to go pretty nearly out to Montauk Point.

Two Classes of Land Speculation.

The current speculation in land readily divides itself into two classes—that

which has to do with improved acreage—that is to say, farming land, for instance, in the Middle West, and that which concerns itself with land the value of which is entirely prospective.

As might be expected, the speculation in improved lands is finding its greatest outlet in the agricultural sections of the Middle West. Missouri, Iowa, Illinois, the States to the Northwest, in all of these the speculative spark has been fanned into a hot burning flame. Everywhere farm mortgages are springing into existence; there are more of them to be had and at a higher rate of interest than in years. The farmer desiring to speculate can best do so by borrowing on the land which he has. In some sections of the Middle West this borrowing demand has become so insistent that the banks, in order to check it, are asking as much as seven per cent. and eight per cent.

Where the money borrowed on mortgage is being spent for the acquisition of more land for the purpose of farming the additional acreage, the effect is not so bad. A farmer who has the enterprise to mortgage his farm in order to extend operations is apt to make good on what he is doing—he may possibly be biting off more than he can chew, but the chances are that where it is a straight agricultural proposition, he will be able to make good. In cases where mortgages are being executed in order to buy additional land for out-and-out speculative purposes, however, it is different. A farmer may know a great deal about agriculture and about the possibilities of raising produce but he may be—usually is—a very poor judge of the money value of land. There is, moreover, to be considered the fact that most of these purchases made with speculative intent only, are, so to speak, on "margin"—that is to say, the amount of money actually paid down represents only a very small part of the total purchase price. As in the case of other margin operations, the death rate among operators is apt to be very high. Also there must be considered the mortality among the banks supplying the money for this sort of thing.

For it must be borne in mind that a succession of good crops sold at remarkably high prices has proved a great stimulating influence on farming lands and that improved acreage is consequently selling at very high levels. Wheat at $1.25 a bushel, corn at seventy cents—these are the things responsible for the fact that farm lands which formerly used to sell around $100 an acre now easily bring $200 or $300. To buy these lands now means to buy something upon which a strong upward influence has been acting for the past three or four years.

But with however much danger the purchase of farm lands at present high prices may be attended, it is in the speculation in unimproved lands that the greatest possibilities of trouble exist. The farmer who has bought cultivated land worth $100 an acre and paid $200 for it, when the inevitable decline comes, will at least have something to show for his money. But how about the pur-

chaser of the sand lots down in the Everglades of Florida, and how about the man on whose swamp land down in Arkansas the two or three feet of water peacefully continues to repose, waiting for the appropriation of Congress which never comes? And how about the lands in the Far West which have been opened up and sold on prospect of one of the new railroads putting through a spur or an extension? All this sort of thing is a heavy tax upon the bank account of the American people and bids fair to remain so for a good while to come.

Land Speculation and the Markets.

Interesting however, as may be the psychology of the present speculation in land, it is more with the practical side of the thing and with its effect upon the markets, that this article has to do. As it influences the financial markets, the effect of the current speculation in land is two-fold. In the first place, it curtails the buying power, thus depriving the bond market of an important source of support, and in the second place, it causes an undue extension of credits. By curtailment of the buying power, it is by no means meant that all the money now going into land speculation would otherwise have been used to buy bonds. At the same time, a great part of it would, and, furthermore, the banks and other institutions who are lending the money with which the speculation is being carried on, are themselves, for the time being, driven out of the bond market as buyers. To a greater extent than is generally thought, the apathy existing in the investment markets is due to this cause. The last statement of condition of all the national banks in the country shows very clearly how the speculation in land has affected the loan account of the banks. It is the expansion *outside of New York* that tells the story, the increase of hundreds of millions of dollars which represents the money tied up, much of it in enterprise that is bound to remain unproductive for years to come. An economic influence of the foremost importance, the effect of this diversion of capital is just coming to be recognized.

It will be recognized even more plainly in a few weeks when the crop moving demand sets in. The Western banks are, so to speak, "loaned up." They have not loaned out their last dollar, but they are, nevertheless, not in a position to finance the moving of the crops, even to the extent to which in former years they did finance it. Ordinarily, crop-moving time finds the Western banks drawing heavily upon their correspondents in the Eastern cities for currency. This year will be no exception to the rule. On the contrary, it is altogether likely that on account of the already extended position of the Western banks, the demands upon New York will be quite exceptionally heavy. Not improbably those who up to now have been belittling the land speculation as a factor in the financial situation will, at that time, be given a concrete illustration of the results that this sort of thing, when it remains unchecked long enough, is liable to bring about.

A CLEARING SITUATION

By J. Frank Howell

In the stock market there has occurred a very extensive and thorough liquidation. The process has resulted in a general house-cleaning by the banks and in the weeding out of weak marginal accounts in commission houses. The result has been a transfer of speculative lines from weak to strong hands.

and the absorption of large amounts by the investing public, both at home and abroad.

The general average price of stocks is twenty-five per cent. to thirty per cent. below what it was nine months ago. Earnings of organized capital are considerably larger in the aggregate of gross and net than they were when prices were at their highest.

The distribution of $204,000,000 in dividends and interest on stocks and bonds of railroad, industrial and traction properties during the first week in July is impressive testimony of the Nation's tremendous business activity. The amount distributed is $18,000,000 more than on the corresponding date last year. The exhibit should be convincing proof that we have been making headway, instead of retrograding, as it has been the fashion to proclaim. This increase in earnings could not have occurred if the country had been going backward instead of forward. In this connection, it is to be noted that for the last six months corporations have been paying a very much greater sum in wages than during the corresponding period a year ago. But for that fact the disbursements for dividend account would have been larger than the figures given above.

During the last few weeks many features of the disturbing character have been eliminated from the situation, and the low quotations in the stock market may be said to represent the discounting or the actual occurrence of the things that had been feared—most of which never happened. So far as can now be judged, there is very little that is likely to happen which could further impair values or shake confidence. Congress has adjourned after passing many laws which should work to the public advantage. Notable among these is the so-called new railroad rate law which empowers the Interstate Commerce Commission to pass upon the reasonableness of advances in railroad charges before such changes shall go into effect.

At first, the great financial powers behind the railroads put doleful construction on this new law, but the more it is studied the less ground they appear to have for real complaint. There is nothing confiscatory in the statute, and the high character of the personnel of the Interstate Commerce Commission is a guarantee that the railroads will not be treated unfairly.

On the other hand, investors are given additional guarantee of protection against extravagance or mismanagement on the part of the "insiders." In the Old World, where strict governmental supervision of railroads is an old story, investors regard such policy as distinctly to their advantage. The same view will probably prevail here in time, and what is now looked upon in some quarters as a menace will prove a blessing. This seems to be distinctly the trend of sentiment at the present writing among those who have given the matter studious and unprejudiced thought.

All this should weigh with judicious investors and speculators who are trying to form conclusions as to their course of action. Judged from an income-bearing basis and from the general business and political conditions as they now exist, it must be admitted that prices of a great majority of railroad and industrial stocks now actively traded in are cheap. The best of our seasoned stocks can now be bought at prices that will yield five to six and one-half per cent. on the investment.

The average could not be lower if the country were threatened with war, famine or other calamity, whereas we

have nothing ahead of us but peace and plenty. The outlook is for the largest crops on record—normal condition and greatly increased acreage. Manufacturing in some directions may not be at flood tide, but there is enough to keep everybody busy and to pay fair returns on capital as well as labor.

THE INVESTMENT OF SURPLUS FUNDS

Sidelights on the Suitable Disposition of the Investor's Surplus

SOME interesting and instructive ideas on the investment of surplus funds are thus expressed by the Harris Trust & Savings Bank of Chicago: It is assumed that the reader approaches the subject of investment banking with a question in his mind—"What shall I do with my surplus capital?" And capital in this sense may mean the ten dollars from the monthly or weekly wage which will not have to go for necessary expenses, or it may mean the millions to be invested safely by the board of directors of a savings bank or insurance company. Between these extremes there are many different requirements, varying according to the desires or needs of the individual investor. There are also provisions to meet any and all these requirements.

Before taking up the question of these provisions, the owner of idle capital must decide in a measure what his own desires or needs are in the matter of several simple conditions upon which the profitable employment of his money may depend. First, perhaps, is the question whether or not he wishes to keep his capital practically in cash, *i. e.*, where it can be turned almost instantly into money in the event of sudden need. If the investor holds that "liquid" character, as it may be called, of more importance than the amount of income he is to receive, the logical place for such funds is the savings bank. Here, safeguarded by wise and conservative management, adequate laws and strict examinations by the State and by experts, money may be profitably set to work, in large or small sums, to produce a stated and definite income. There is no safer method of employing money at interest where there is like privilege of ready convertibility into cash.

Risk or Safety?

The next condition to be decided upon by the owner of idle capital is whether he wishes to make an investment which will employ his funds for a long or short period at a fixed and remunerative rate of income, or whether he deliberately decides to participate in a business venture. It is at this point that the average person, unversed in investments, fails to distinguish the difference between an investment made on definite terms, and risks undertaken for possibly large, though uncertain, profits. This distinction must be made intelligently before the owner of capital can exercise further discretion as to the employment of his funds.

Surplus money is usually derived from the conduct of some business in which the owner has had an active part and in which skill probably was the chief determining factor. So long as the owner of an accumulated surplus has direct supervision of his capital, any venture into which he may put it, is subject to his special skill. When, however, he comes to place it in another's hands, he should exact every possible provision for its safe return. It is one thing to acquire capital, quite another

to invest it. The prospective investor should not confuse real investments with the purchase of a share in a business of variable profits, such as stocks of corporations. It is for the owner of capital, therefore, to decide, first, whether he wishes to put his funds back into the business from which they came, if possible; or, second, whether he shall risk them in some other business where he may or may not be able to exercise his skill or supervision; or, third, whether he will make a safe and sound investment.

Length of Investment.

In the event that a real investment is desired—that is, the definite employment of $500, or its multiple, for a certain period of time at a fixed rate of income, with a guaranty of the return of the full principal sum at the time of expiration of the investment—carefully selected bonds are the ideal form of investment which meet every requirement. The prospective investor has yet, however, to decide for himself the question as to how long his investment is to run. On the answer to this question frequently depends some condition by which the desirability of a given bond is to be judged.

Rates of income often vary according to the life of the bond. It is unwise to buy bonds which will mature and be paid off in a year or so, when it is known that the investor's funds should be employed ten or twenty years. Not only will the funds need to be reinvested if they are placed for too short a period, but frequently it happens that funds cannot be reinvested upon as favorable terms as could have been secured at the time the original investment was made. On the other hand, it should be borne in mind that, in the event of unforseen need, well selected bonds are readily convertible into cash before maturity, either by sale or through a loan secured by them. With this question of time settled, the prospective investor should seek out the investment banker at once and ask for advice.

Need for Good Advice.

The majority of investors, of necessity, must rely largely upon the advice of their bankers in the purchase of securities for the permanent placing of funds. However familiar an individual may be with investments in general, it is usually impossible for him to investigate all the legal and technical questions bearing upon the safety of any particular bond. Therefore, it is of the utmost importance that the investor at the outset determine by careful inquiry the standing and general reputation of the banking house offering the bonds for sale.

He should know that his bankers are careful and conservative in the selection of securities offered for sale to their customers, that they are of large financial responsibility and of the highest standing, and that they have had a successful experience over a period of many years, covering times of general depression as well as of great financial and business prosperity. Such bankers will have built up, over a period of many years, a reputation for ability, for fair dealing, and for the safeguarding of the interests of their customers. They will continue to guard jealously this reputation, if for no higher reason than enlightnened self-interest.

THE "MAGNIFICENT UNIT" OF $1,000

OPINION OF LEADING INVESTMENT BANKERS AS TO THE FEASIBILITY OF ISSUING BONDS IN SMALLER DENOMINATIONS

IN an effort to get at the real reason as to why bonds in this country are so rarely issued in denominations of less than $1,000, and as to whether the distribution of securities would not be facilitated by their issue in smaller pieces, several leading banking houses were appealed to by the editor of "Investments." Following are some of the answers received:

N. W. HALSEY & CO., NEW YORK.

Editor "Investments," New York:

Dear Sir—Referring to your favor of June 9th, asking if it would not greatly facilitate distribution in times like these if bonds were to be issued in small denominations, I beg to advise you that I doubt very much whether any substantial amount of securities could be sold to small investors in this country.

Several reasons may be offered in explanation: In the first place, very few individuals with savings of $100 or $200 have much knowledge of bonds. In the large centers of population the savings banks have secured the largest part of the funds of the small investor. It is quite possible that there would be, if bonds were available in small denominations, an increasing number of purchasers who would be attracted by the higher rate of interest paid by the bonds as compared with that paid by the savings banks. Yet I doubt whether bankers handling securities would find it profitable to try to interest the small investors who have less than $1,000 each.

A comprehensive campaign of education would have to be undertaken, and I believe the expense would be greater than the results would justify. There would probably be an opportunity to sell a certain amount of bonds in small denominations in communities not large enough to support savings banks. The expense of reaching such investors, however, would be very high, because neither the security nor the firm offering it would be known in the community in which such investors lived. As there are comparatively few investors in each of the small communities the cost of reaching the few would be relatively high.

I believe the bankers in France find it profitable to handle bonds in small denominations, not only because of the great frugality of the French people as a whole, but also because the French banks offering the security have branches throughout the Republic, and the manager of each branch has a substantial clientele who has confidence in him and in his institution. The French banking institutions may make a large purchase of bonds, feeling confident that the securities may be distributed through the hundreds of branches throughout the country. No such machinery for the distribution of bonds of small denomination is available in the United States.

Very truly yours,
ALLEN G. HOYT.

HARVEY FISK & SONS, NEW YORK.

Editor "Investments," New York:

Dear Sir—Replying to your favor of the 9th instant, we beg to advise you that in our opinion it would not greatly facilitate the distribution of securities

in this country if railroad bonds were issued in denominations of less than $1,000. We appreciate that bonds of much smaller denominations are readily distributed abroad, but conditions there are dissimilar from ours, as the very small investor is in the habit of buying securities of this class while here with us the facilities and attractive rates afforded by the savings banks throughout the country attract the small investor and induce deposits in these institutions rather than the direct purchase of investment securities.

Very truly yours,

Harvey Fisk & Sons.

F. J. Lisman & Co., New York.

Editor "Investments," New York:

Dear Sir—In answer to your query as to why bonds are usually issued in denominations of $1,000 and not in smaller amounts, I beg to briefly outline my views on the subject:—

Theoretically, the scheme might be desirable, but the objections are practical—from several standpoints. In this country the masses have not been educated in the buying of bonds, and it would be a very costly matter to send salesmen into the highways and byways to interest the investors of small amounts, who would naturally be buyers of small denomination issues. That class of people when they have, by hard work, saved a few hundred dollars, or possibly more, must be in a position, should they of necessity be compelled to draw such funds, to quickly have access to same, such situations only too frequently arising through sickness, lack of employment, etc., and they naturally look to the savings banks as the proper custodians of their savings with this end in view. These institutions have no stockholders and are really charitable in their purposes, organized for the purpose of stimulating thrift among working classes, and their investments are so safe-guarded (particularly those in New York State) that losses are practically impossible, and the depositor receives three and one-half to four per cent. interest, with no fluctuations of principal, as in the case of bonds. This latter phase is a difficult matter to have the masses understand. Valuable documents require a place of safe-keeping, and a man of small means cannot afford such a depository, and the risk of leaving them in the home is too great, in view of the fact that the requirements on the part of corporations, when securities are lost or stolen, are so stringent that such an investor could not meet them. Another objection is that bonds below $500 denomination are not a good delivery on the New York Stock Exchange; but of course this prohibition could probably be removed when conditions justify it. Large investors will not buy small denomination bonds, as any fair amount of them makes them too bulky and inconvenient to handle.

It is true the masses abroad have been educated by the Governments through their own issues to invest their savings in small denomination securities and are helped by their branch bank system, being able to economically distribute them.

While I believe it would be a great financial gain to corporations if they were enabled by public subscription to dispose of their issues in small denomi-

nations, I do not believe that conditions in the United States are ready for such a movement, or will be for a number of years to come, particularly if a postal savings bank is established, which is contemplated, and which is bound to even draw from the savings banks, as the ignorant and untrusting always look to the best guarantor.

Very truly yours,

Wm. Goodman.

From a Leading House Which Asked That Its Name Be Not Used.

Editor "Investments," New York:

Dear Sir—I acknowledge receipt of your letter of the 9th inst. It has been my custom not to talk for publication. I would therefore prefer not to have my name or the name of the firm used in regard to the matter, but it is our belief that the distribution of bonds would not be greatly facilitated were they in smaller pieces than $1,000.

I know that it is the French custom, however, to take much smaller pieces, even as low at $100, but conditions over there are much different than here. It is very doubtful whether it actually "pays" to sell bonds of less than $1,000 denomination, and while, perhaps, it might be a good thing in some respects, in order to instill the saving spirit into the American public, we, as a banking house, would not care to execute such orders.

Frankly, it does not pay us, in view of the tremendous expense which we are under in maintaining our investigating, buying and selling organization. Perhaps it is fair to assume, therefore, that every house looks at the matter in the same way, *i. e.*, bankers as a class are not desirous of having the railroads issue bonds in denominations of less than $1,000.

There has been a good deal of talk, as you doubtless know, on the part of some houses and trust companies in regard to having $500 and even $100 bonds. Perhaps this is an indication that times are changing, and that in the future, more bonds of these denominations will be issued.

Redmond & Co., New York.

Editor "Investments," New York:

Dear Sir—We have received your letter of the 9th. There are now a number of bonds issued in denominations of $100, $250 and $500. The Colorado & Southern 4½'s, for instance, are obtainable in $100 pieces. The Harwood Electric Company first mortgage 5's in $100 and $500 pieces, as well as in $1,000 bonds. The Northwestern Telegraph Company 4½'s, in $500 pieces, etc.

We find, however, that while there is some demand for these small denominations, it is comparatively slight, and we do not think that it would materially facilitate distribution to have new issues in small denomination pieces. We are, dear sir,

Yours very truly,

Redmond & Co.

FROM THE SAVINGS BANKS' POINT OF VIEW

WHAT the presidents of some of the leading savings banks in New York City think about the much-discussed question of whether the savings banks are being largely used for the deposit of funds which ought properly to be invested in bonds, and as to what would be the effect of a general reduction in the rate paid to depositors, can be seen from the following communications, received by the editor of "Investments":

Union Dime Savings Bank, New York, N. Y.

Editor "Investments," New York:

Dear Sir—It is undoubtedly true that there are considerable sums deposited in savings banks by persons who are not of the class for which savings banks are

intended, and the crediting of interest at high rates encourages such deposits. So long as the savings banks allow a return which is nearly what an investor could get from direct investments, he leaves his money safely in the savings bank; but when the moment comes that the return from the investment is decidedly better than the savings bank allows, such investors draw their money from savings banks and invest it elsewhere. The savings bank may then be compelled to sell the same securities, now depreciated, at a loss and a corresponding gain for the investor.

It is true that the savings bank can avail itself of its right to require notice; but it will not do so until the above process has been going on for some time and the surplus has been more or less depleted.

We have a legal limit of $3,000 per account, but this is nugatory where there are thirty-three savings banks in a single borough.

A reduction in the rate of interest is the only effectual means of confining the function of the savings bank to the protection of the wage earner.

Some banks will reply that their earnings are so great that they *must* pay four per cent. I would suggest that they could spend some of their surplus income in saving the *time* of the wage earner, who often complains as to being compelled to "go and sit down," instead of being allowed to go back to his work.

Very respectfully,
CHARLES E. SPRAGUE,
President.

THE FRANKLIN SAVINGS BANK, NEW YORK.

Editor "Investments," New York:

Dear Sir—We are in receipt of yours of June 9th, regarding the question of savings banks being used for deposit of funds which should properly be invested in bonds, and, if so, what would be the effect if the reduction in deposits becomes general.

There is no doubt that a considerable sum of money has been deposited in savings banks during the past two years in order to obtain four per cent.; and so long as the banks continue to pay that rate, the amounts will increase quite rapidly. If all the banks should reduce the rate of interest to three and one-half per cent., they would continue to increase their deposits, as they did from 1884 to 1907—when that rate was generally paid. A number of the more intelligent and well-to-do depositors would invest their money where it would derive a larger income, and still use the savings banks for smaller sums.

Yours very truly,
WM. G. CONKLIN, *President.*

THE BROOKLYN SAVINGS BANK, BROOKLYN, N. Y.

Editor "Investments," New York:

Dear Sir—In response to the inquiry contained in your letter of the 9th inst., we beg to state as follows:—In our opinion savings banks are *not* being largely used for the deposit of funds which ought to properly be invested in bonds, as deposits generally have never recovered in amount since the panic of 1907. One reason for the lack of demand for high-grade bonds is, that savings banks have not the funds with which to purchase these securities.

Very truly yours,
BYRON H. SMITH, *President.*

THE ETHICS OF FINANCE

By Frederic Drew Bond

In the following article Mr. Bond, whose experience in matters financial is combined with a curiously analytical turn of mind, presents the "other side of the case." By no means agreeing with the author as to the essentially speculative character of financial transactions, "Investments" presents Mr. Bond's views as an accurate analysis of the way a large part of the financial world looks at the matter.

FINANCE is concerned with the distribution of money and securities. Commerce deals with goods having, primarily, values in use; finance deals with those which have, pre-eminently, values in exchange. Commerce, in other words, deals with articles which, in the hands of the last purchaser, or consumer, satisfy some need. Examples of such goods are foodstuffs, cotton, timber and iron. Such articles, in the end will wear out or be used up, and other goods of the same sort will then take their places. On the other hand, the goods, outside of money, with which finance especially deals—securities—are intangible and are dealt with simply by paper certificates of their existence. Their values fluctuate normally with the success of the enterprise of which they are the ownership or debts; but, they are, themselves, indestructible by direct physical means. Their only use is for money-making.

Methods of Commerce and Finance.

The differences of the methods of finance from those of commerce rest on this difference between the goods with which they deal. In both finance and commerce, aside from necessity, a seller sells to gain; but buyers in each do not buy from the same motives. In commerce, the buyer, if he be the consumer, buys to use. But in finance there is no consumer; the buyer as well as the seller traffics for gain only, and the financial buyer looks for his profit—not as the middleman who counts on the consumer—but because he hopes that what he has dealt in will, usually independently of his own activities, change in price so as to yield him a profit. When not an investor purely for income, the financial buyer is always a speculator, whether he buys on margin or purchases outright.

Thus in financial trades, the buyer and seller alike are necessarily actuated, as far as the curcumstances permit, solely by the desire for gain. In routine banking operations and in the investing of funds this situation is minimized. In the dealings on the exchanges it is masked through the intervention of the broker; the cupidity which animates the traders becomes mostly tacit—they do not even know the identity of those with whom at the moment they are dealing. On the other hand, in the promotion and reorganization of enterprises the greed sometimes leaps startlingly to the surface. In numerous promotions, reorganizations and deals, the means adopted to effect the ends in view have seemed tainted with trickery and fraud. But here a distinction is to be made. The conflict, for instance, which centered around the Equitable Life Assurance Society in 1905 might, as far as many of its objectionable features went, have just as easily waged around a small trading concern. To speak of trickery and fraud existing in connection with a financial institution as being, necessarily, financial trickery and fraud *per se,* is simply to confuse matters. If some of the lower traits of character have been particularly in evidence in connection with *financial* affairs, this is partly because the law is still in process of development as how best to check practices analogous to such as *in commerce* are clearly illegal. But a feature to which, as financial, objection may be taken, must be one which flows logically from the character of financial dealings as depending on goods which are of use

only in and through their exchange value.

Are These Things Right?

Of such features, marginal trading in stocks is most in evidence. But others less obvious may be easily specified. Thus, to take instances which have actually occurred: Is it rightful for a buyer to pledge shares under a bond issue so that he may enjoy the rights and privileges of ownership without the expense of carrying the shares and with the hazard to the bondholders that the stock on which they depend as security may be voted to affect speculative schemes? Again, to break up a rival railway system, is it right to impair the road's credit in ways not clearly illegal—as by influence on banks controlled by stock ownership—to throw the corporation, if necessary, into receivers' hands, and to harass and wear out with delays the security holders of the road till they assent to terms of reorganization harsh to themselves? Is a corner lawful? Are matched orders? Is the curious scheme of short selling beyond one's capital in order to "break the market open," imagined by Mr. Lawson in his "Black Friday," and tried twice, two years later, by a broker on the Philadelphia Stock Exchange—the latter time with disastrous results to himself? Is it right to sell at a good price stock whose property the vendor knows to be of little or no value; or to buy for a song shares which the purchaser has knowledge are of value, but which the seller believes to be almost worthless? Are great interests justified in helping to "bull" or "bear" a stock, by facilitating or hindering loans on such stock as collateral, through the banking institutions which they control?

Other questions arise in connection with a broker's office. The fact that the securities a broker handles are the same as those handled by other members of the same exchange limits the inducements he can offer customers. His clients come to him from personal reasons or from the reputation of the house for long standing, wealth, influence, "inside knowledge," etc. Thus the tendency around a brokerage house is to encourage transactions (from which the broker derives his commissions) by the chief means available—constant appeals to the customers' hopes of money-making. To what extent are such appeals justifiable? Should a broker encourage a client to trade without really good reasons for his commitments? Or, if he knows the client to be of the sort whose money is sure to be soon lost? Should the broker aim to get "good producers"—managers who can "jolly the customers along" and persuade them to trade frequently?

Other situations may occur in the most conservatively conducted houses. Suppose a large speculator in the shares of a road is a director in the company

and that his trades are obviously based on the inside knowledge which, as director, he has of the company's affairs; should the broker in this case (a not infrequent one) refuse his order? Again, a broker may have foolish or improper orders given by the executor of an estate; what is his duty to do? Once more, he may have to choose between the hostility of wealthy interests on one hand, and, on the other, the giving out of information sought by them to be suppressed but of great value to bona fide investors.

Every One for Himself.

Probably, in the foregoing instances most Wall Street men would be inclined to take the "liberal view." And this, not from personal laxness, but because they would argue that the object of all concerned being to make money, each participant is supposed to be on his guard against every other, and it is unfair to impose restrictions save such as may be found necessary for the good of the community. As regards the broker—he generally considers his position as simply to execute orders and as of a sort analogous to that of an attorney in his relations with clients; moreover, the money-making principle on which he acts is common to all in the market and to none so much as to the principals to the transactions themselves.

Generally speaking, the legal maxim, "caveat emptor" (let the buyer beware) is thus the rigid rule in ordinary financial dealings. If the buyer does not beware, no one is held to blame. That merely plausible statements are often made, that some of the truth is withheld if likely to repel, come from the fact, repeatedly referred to, that the buyer buys from greed and that the seller aims to arouse this greed. The man who loses in financial dealings is rarely a whit less greedy—from his acts, is often more so—than the man who makes; he is simply less wise in his greed. Finance in its great speculative features has been compared to certain games, such as chess—in both the object of the participants calling at times for the giving of wrong impressions without trespassing beyond certain limits. Downright misrepresentation is much rarer than generally supposed in connection either with promotions or with stock exchange manipulations; simply, on occasion, less than the truth is told, and those who, in consequence, deceive themselves are allowed to do so.

The Good of Speculation.

In other sorts of business, the element of cupidity which dominates in finance is partly masked and partly overborne by the still stronger motive, at the bottom, of actual needs. But a financial feature which tends in the long run to disturb public order in some way, is sure in the end to be restrained, it may be by legal enactment or by action of the governors of the large exchanges or simply by the influence of public opinion. The routine practices of banking and investment, having for object the conservation and safe-guarding of wealth, plainly do not call for notice here. As regards the speculative features of finance, the facts are twofold: On the one hand, such practices as marginal trading and the marketing of large blocks of new securities through speculative activity are, both of them, under modern conditions, essential to the quick and efficient distribution of securities, as well as to afford an immediate market to those who wish to sell.

Thus, on this side, speculative activities subserve an important public want. But, on the other hand, the motive which induces each individual principal to engage in such activities is simply the desire for personal gain—a desire implying a willingness to profit without an equivalent to the community in work, and with the understanding that such profit, if attained, necessitates either loss to others or, at least, the missing of an opportunity for advantage. As the late Walter Bagehot put it, on the stock exchanges, and there only, does the "economic man," actuated solely by the greed for wealth, cease to be a convenient fiction of political economy and become an actuality.

It thus seems that in finance public good is brought about by a motive de-

cried by theories of ethics. Few persons, indeed, may like to admit that so striking a practical dilemma exists, yet but a few centuries ago, it was generally agreed that the taking of interest is wrong. How the present matter will finally be regarded remains to be seen. The attempt is here made merely to put the subject clearly and to show that financial features which have aroused objection cannot be put aside as extraneous, but spring, really, from the character of financial dealings themselves.

THE INDUSTRIAL PREFERRED STOCKS

A FORM OF SECURITY WELL WORTH THE INVESTOR'S CAREFUL ATTENTION

THAT the industrial preferred stocks have made an enviable record for themselves during the past few years is generally realized among investors, who, indeed, are turning their attention toward this form of security to a greater extent than ever before. In the following interesting discussion of preferred industrials as investments, Messrs. Bigelow & Co. make several points which are well worth the investor's careful attention:

The field covered by the industrial enterprises in the United States is of such great extent and so varied it is hard to grasp the magnitude of the figures or the undertakings. By comparison, the value of the manufactured products consumed or produced each year in the United States equals more than two-thirds of the value of the farms and farm properties of the country. These totals are so immense that the mind hesitates to grasp their importance.

That the American investing public has come to realize the significance of this industrial outlook is indicated by the recently published figures showing that the number of stockholders of fifty-four representative railroads in the past year decreased 16,752, while the number of stockholders of fifty-six representative industrial companies increased no less than 3,900. Their average holdings were ninety-two and three-quarter shares against ninety and one-third shares last year.

When the past earnings, the present financial status and favorable prospects, together with the consistent record of dividends paid by all of these companies are taken into consideration it would seem that the prices of the above preferred stocks should record a substantial advance. The six per cent. stocks could sell at 120, the seven per cent. stocks at 140 and the eight per cent. stocks at 160, and the investment yield at each price would be the same, namely, five per cent. Railroad preferred shares at present prices invariably yield slightly under five per cent. and in a great many instances as low as four per cent.

Facts of Gold Production.

The continued large production of gold, with the resultant decrease in the purchasing power of the dollar, tends to increase the price of all commodities and not less so the value of real estate, coal and mineral lands, and such other forms of wealth represented by the stocks of the various companies. As commodities rise in value these companies receive larger returns for their products and earnings increase accordingly. In this respect industrial stocks enjoy an advantage over railroad stocks in not being restricted by legislation or serious regulation as to the prices they may charge for their product when the demand exceeds the supply.

In this connection, attention must necessarily be turned to the continuity of the demand for industrial manufacturing products. As long as the country's population continues to increase at the present rate there will be a con-

stantly increasing demand for all commodities which enter into consumption. So long as structures for bridges, houses and rolling stock for railroads continue, so long will there be a demand for steel, and steel industries will be carried on with advancing improvements.

Development and Progress.

With the center of population constantly advancing westward, the need of new railroads is clearly becoming more urgent in those sections which at present are showing such tremendous development and progress.

This is true not only of the West but the South as well. In 1907 the total operated railroad mileage in the United States aggregated 227,454 miles, in 1908 it was 230,000 and on June 30, 1909, it was approximately 235,000 miles. The rapidity with which new railroad construction is being pushed in these sections is indicated in the figures compiled by the Manufacturers Record, which shows 2,031 miles of new construction in the Southern States in the year 1909 and proposed construction for 1910 aggregating 3,743 miles.

Although figures for the Western States are not available, they will show the same tremendous expansion of mileage both accomplished and proposed. In no section of the country is new railroad construction assuming larger proportions than in the Northwestern States, while in Canada new lines are being pushed into undeveloped territory with phenomenal rapidity. Similar conditions prevail in Mexican territory.

There is no reason why an investor should not take a five per cent. or a six per cent. investment predicted upon the demand for steel, rubber, products of the spindle and loom, etc. A demand which will always be in evidence so long as the method of living and the present development and improvement requires the constant renewing of all outfits, be it manufacturing or household goods, railroads or wearing apparel. A demand which yearly must show tremendous increases and this necessarily leads to the conclusion that industrial stocks which will fully benefit from these conditions will in the near future march at the front of the procession of great paying investments held by the American people.

Stability of Earnings.

The stability of this demand for industrial manufacturing products has been fully reflected in the earnings re-

Company.	Amt. Pfd. Stk. Outstanding	Avg. Earn'gs for Pfd. Stk. 6 years.	Avg. Per Cent. for 6 years.
American Agricultural Chemical	$18,826,400	$1,936,028	10.28
American Beet Sugar	5,000,000	625,835	12.51
American Car & Foundry	30,000,000	5,030,438	16.76
American Cotton Oil	10,198,600	1,596,911	15.81
American Locomotive	25,000,000	4,619,801	18.48
American Sugar Refinery	50,800,000	7,896,366	15.54
American Sugar	45,000,000	*7,626,110	*16.94
American Wool	40,000,000	3,447,285	8.61
Central Leather	31,061,500	†1,982,692	†8.39
Corn Products	29,817,600	‡2,313,254	‡7.90
General Chemical	12,500,000	1,418,326	11.34
International Harvester	60,000,000	10,014,439	16.69
International Steam Pump	11,350,000	1,091,826	9.62
MacArthur Bros.	1,000,000	264,270	26.49
National Biscuit	24,804,500	3,866,052	15.48
National Lead	24,367,000	2,257,004	9.24
Pressed Steel Car	12,500,000	1,397,328	11.17
Railway Steel Springs	13,500,000	1,606,980	11.90
Republic Iron & Steel	25,000,000	2,210,314	8.84
United States Steel	360,281,100	67,442,191	18.72
Virginia Carolina Chemical	18,000,000	2,657,782	14.75

* Two Year Average.
† Four Years, inc. in April, 1905.
‡ Three Years, inc. in 1906.

corded by these companies over a series of years, notwithstanding the severe setback which occurred following the panic of October, 1907.

In the accompanying table is shown the amount of preferred stock outstanding, the average surplus after charges available for preferred dividends over the past six years and the per cent. of this average to the total outstanding preferred stock. In no case, it will be seen, have the average earnings fallen below the full dividend requirements and in numerous cases have doubled and even tripled the preferred dividend requirements:

Of the above twenty-one companies only one, the Corn Products, has in the past eight years failed to pay the full dividend rate. This company was organized in 1906. In that year it paid two per cent. on its preferred stock, seven per cent. in 1907, and five per cent. in 1908 and 1909. The accumulated dividends on this stock now amount to five per cent. Most of the companies have paid the full dividends since organization.

The Republic Iron and Steel Company has at various times been compelled to defer preferred dividend payments, but is now paying at the full rate of seven per cent. and has provided in full for all accumulated dividends, either by cash payments or issue of dividend warrants.

All of the companies presented in the above tabulation are representative ones in their respective lines of industry and are equally dependent on the country's growth and development.

The American Agricultural Chemical is one of the largest concerns engaged in the manufacture of chemical fertilizers. The American Sugar Refining and the American Beet Sugar are in the foremost ranks of the Sugar Refiners.

The International Harvester stands pre-eminent in the manufacture of farming and harvesting implements and machinery and its ramifications extend throughout the whole world.

MacArthur Brothers' name is closely woven in the industrial development of the United States. This company has built more miles of railroads and canals, more dams and reservoirs and buildings than any other individual company. They have carried to completion over a hundred million dollars' worth of engineering works and are one of the largest employers of labor in the country. This stock has always been highly regarded as an investment.

Like the American Car & Foundry, Pressed Steel Car, American Locomotive, Railway Steel Spring and the United States Steel Corporation, they profit from the ability of the railroads to reconstruct, to purchase materials, supplies and new equipment. That these companies as well as the others above represented, have displayed such a consistent record of preferred dividend payments in times of depression and prosperity alike is a strong commentary on industrial securities.

INVESTMENT NEWS AND NOTES

—Investors who are looking for a chance to invest in high grade guaranteed railroad bonds yielding a high rate of interest will do well to look into the Kansas City, Fort Scott & Memphis refunding fours being offered by J. S. & W. S. Kuhn, Inc. The bonds, which are guaranteed principal and interest by the St. Louis & San Francisco Railroad Co. are secured by a first mortgage on 117.6 miles of track, a second mortgage on 899.42 miles of track, and a third mortgage on 186.10 miles of track. The mortgage will become ultimately a first mortgage on all of the company's lines of railroad, equipment, property, shares of stock, and stock and bonds of auxiliary controlled and affiliated roads owned by the company at the time of the creation of this mortgage or afterward acquired with the proceeds of any of the refunding bonds.

The property above mentioned as security includes most valuable and extensive terminals in Kansas City, Mo., Memphis, Tenn., and Birmingham, Ala.

The bonds are offered to net the buyer five and five-eighths per cent.

—Comment on the declaration of the regular St. Paul and Atchison dividends, which goes to the point, is made in a recent letter issued by the New York Stock Exchange firm of Keane, Zayas, & Potts:

"From sources of information supposed to be in close touch with the affairs of certain railroads the report has been systematically and persistently spread for weeks that St. Paul hadn't earned its dividend and

might be compelled to reduce it, and that Atchison was doing so badly that a cut in its dividend rate was as good as a certainty.

"These reports, accompanied as they were by liquidation of these stocks by insiders, caused innocent and too credulous investors to throw over their holdings and accept losses ranging from ten to twenty dollars a share. And then, which possibly may account for the sudden change of opinion referred to above, we have the St. Paul directors meeting two weeks in advance of the scheduled date and declaring the regular dividend. Next day the Atchison directors meet and declare the usual dividend also, and the reports of both roads disclose the fact that there was not the slightest reason for the false reports so industriously circulated.

"If this situation gives rise to an opinion that insiders sold these stocks short on false reports to which their sales gave the color of truth, covering at lower levels in ample time to take advantage of the recovery forced by the action of the directors in voting the usual dividends, those in control of the affairs of these roads have no right to complain. A word from them in the beginning would have stopped the raids. And the failure to utter that word has created a belief in some quarters that we are gradually working back to the methods of 'those good old days—the days of Fisk and Gould'—when railroads were operated, not as commerce carriers, but as mere gambling machines; when, as frequently happened, a difference of ten cans of milk in the day's traffic was sufficient to cause Erie to fluctuate a point.

—Writing of Pennsylvania, Messrs. Plympton, Gardiner & Company say:

In an unsettled market, Pennsylvania railroad stock affords, in our judgment, one of the wisest purchases on the list. It is noted for its

Stability in the Market.

During the year 1907, the percentage of decline shown by Pennsylvania was only twenty-six per cent., comparing with forty-one per cent. for Louisville & Nashville, forty-four per cent. for Union Pacific and forty-seven per cent. for Northern Pacific.

In the liquidating market since last January its extreme decline has been but ten and one-half points. It is now selling higher than it did in February, while most other active stocks are five to fifteen points lower than they were then. The stock has not sold below par since listed on the New York Stock Exchange in 1896.

Financial Position.

Since 1901 the Pennsylvania has spent for "main line" improvements about $280,000,000 of which over forty per cent. has been charged to current earnings and to profit and loss surplus, and the balance, $165,000,000, to capital.

The great financial strength of the company is thus illustrated:

	1901.	1909.
Stock outstanding.	$203,000,000	$320,000,000
Per cent. earned..	10%	11%
Per cent. paid....	6%	6%

The Pennsylvania programme of improvements is now practically concluded. It is therefore believed probable that, under favorable conditions, the rate of dividend will be increased to seven per cent.

Dividend Record.

Only one other road in the United States has paid uninterrupted dividends for a longer period. The Pennsylvania commenced payments in 1856, dividends to date aggregating 361 per cent. Since 1905 the road has earned an average of ten and one-half per cent.

—About the best thing of its kind we have ever seen—an index of corporate stock values—is being published by A. Keshishian at 99 John street, New York. The service, which is weekly, consists of a weekly digest of both railroads and industrials, giving, in tabular form, a vast amount of information concerning earnings, dividends and prices.

There are several other digests issued but we do not recall ever having seen one put in as simple and comprehensive a form as this. On a single large sheet, each week, subscribers are given boiled-down information about industrials and railroads, the digging out of which would entail a vast amount of trouble.

A file of these weekly sheets would contain an enormous amount of information in such form as to make it accessible and invaluable to the business man, the investor, and the banker.

—To increase the investor's income return, the New York Stock Exchange house of Joseph Walker & Sons, 20 Broad street, New York City, has issued and will send free upon request, a circular letter containing a selected list of active stocks and bonds, their present prices and the interest return they afford, compared with those of a year ago.

—The five per cent. Electric Lighting Company bond which is described in the special circular sent upon application to the well-known bond house of Chas. H. Jones & Company, 20 Broad street, New York, is an example of how general conditions have made it possible for investors to secure a good bond which at present prices will yield about 5.70 per cent. income. Ordinarily this bond should sell around its par value and yield about five per cent. income.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to July 20, approximate yield as figured Aug. 1.]

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl, New York.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100¾-101	1.66
U. S. Gov., reg. 3s, 1918	101¾-102¼	2.60
Panama Canal, reg. 2s, 1936	100⅝-100¾	1.95
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr., '30	99 -102	3.37
Georgia 4½s, July, 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95 - 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	106½-107	4.10
New York City 4½s, 1917	102⅜-103	3.92
New York City 4s, 1959	98½- 99	4.02
New York City 4s, 1955	98 - 98½	4.03
New York City 3½s, 1954	86½- 87½	4.08
New York City 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

[Corrected to July 20.]

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98⅞- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅜- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96⅞- 97½	5.05
Diamond Match 5s, July, '12	98¼-100	5.00
Hudson Co. 6s, Oct., '11	98½-100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98⅛- 98⅝	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98½- 99¼	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅝-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
St. L. & S. F. 5s, Apr., '13	96½- 97½	5.45
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	100 -100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., 1912	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

[Corrected to July 20.]

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	66	73
Arkansas, Oklahoma & Western	5	8
Atlanta & West Point	165	180
Atlantic Coast Line of Conn	225	240
Buffalo & Susquehanna, pref	16	20
Central New England	13	18
Central New England, pref	23	28
Chicago, Indianapolis & Louisville	50	56
Chicago, Ind. & Louisville, pref	65	72
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	75
Cincin., N. O. & Tex. Pac	125	135
Cincin., N. O. & Tex. Pac., pref	103	107
Cincinnati Northern	50	65
Cleveland, Akron & Columbus	75	85
Cleve., Cin., Chic. & St. L., pref	98	110
Delaware	47	49
Des Moines & Ft. Dodge, pref	50	80
Detroit & Mackinac	55	..
Detroit & Mackinac, pref	85	95
Grand Rapids & Indiana	40	55
Georgia, South. & Florida	27	35
Georgia, South. & Flor., 1st pref	92	..
Georgia, South. & Flor., 2d pref	70	80
Huntington & Broad Top	..	10
Huntington & Broad Top, pref	25	30
Kansas City, Mexico & Orient	20	25
Kansas City, Mex. & Orient, pref.	25	30
Louisville, Henderson & St. Louis.	14	18
Louisville, Hend. & St. L., pref	34	40
Maine Central	200	220
Maryland & Pennsylvania	10	22
Michigan Central	165	172
Mississippi Central	38	40
Northern Central	125	130
Pitts., Cin., Chic. & St. L., pref	107	115
Pittsburg & Lake Erie	300	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquete	27	34
Pere Marquette, 1st pref	50	60
Pere Marquette, 2d pref	34	40
St. Louis, Rocky Mt. & Pac., pref.	..	45
Seaboard 1st pref	70	80
Seaboard 2d pref	40	45
Spokane & Inland Empire	35	45
Spokane & Inland Empire, pref	60	70
Texas Central	45	...
Texac Central, pref	76	...
Virginian	17	22
Vandalia	75	..
Williamsport & North Branch	1	3

GUARANTEED STOCKS.

[Corrected to July 20.]

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	300
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	107	115
Beech Creek (N. Y. Central)	95	102
Boston & Lowell (B. & M.)	215	225
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	10	20
Boston & Albany (N. Y. Cen.)	210	230
Boston & Providence (Old Colony)	290	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	120	135
Brooklyn City R. R. (Bk. H. R. R. Co.)	145	155
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	230
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	30	40
Christopher & 10th St. R. R. Co. (M. S. R.)	80	100
Cleveland & Pittsburg (Pa. R. R.)	170	176
Cleveland & Pittsburg Betterment	95	101
Columbus & Xenia (Pa. R. R.)	201	206
Commercial Union (Com'l C. Co.)	105	120
Commercial Union of Me. (Com. C. Co.)	110	...
Concord & Montreal (B. & M.)	160	170
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	130	140
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	195
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	130	145
East. Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	260	...
Elmira & Williamsport pfd. (Nor. Cen.)	135	150
Erie & Kalamazoo (J. S. & S.)	225	240
Erie & Pittsburg (Penn. R. R.)	140	160

	Bid.	Asked.
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	130	145
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	250	260
Gold & Stock Tel. Co. (W. U.)	107	115
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	92
Inter. Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	168	174
Kalamazoo, Al. & G. Rapids (L. S. & S.)	140	150
Kan. C., Ft. Scott & M. pfd. (St. L. & S. F.)	70	78
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich. S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	210	216
Little Schuylkill Nav. & Coal (Phil. & R.)	110	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	172
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	175	184
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	107	118
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	155	165
North Pennsylvania (Phila. & R.)	190	200
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	205	215
Ogden Min. R.R. (Cen.R.R. of N.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	185	195
Oswego & Syracuse (D. L. & W.)	210	225
Pacific & Atlantic Tel. (W. U.)	66	75
Peoria & Bureau Val. (C.R.I.&P.)	180	190
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts., Ft. Wayne & Chic. (Pa.R.R.)	168	173
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	165	170
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	120	130
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	190	200
Rome & Clinton (D. & H.)	140	150
Rome, Watertown & O. (N. Y. Cen.)	118	125
Saratoga & Schnectady (D. & H.)	169	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	87	97
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	108	115
Troy & Greenbush (N. Y. Cent.)	168	176
Twenty-third St. R. R. (M. S. R.)	200	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	171	178
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	244	250
Valley of New York (D., L. & W.)	120	125
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

EQUIPMENT BONDS.

[Corrected to July 20.]

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York. Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4⅜
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅜
Canadian Northern .½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4½	4⅛
Ches. & Ohio 4%, Oct., '16	4⅝	4⅜
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5¼	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	5¼	5
Erie 4%, June, '13	5¼	5
Erie 4%, Dec., '14	5¼	4¾
Erie 4%, Dec., '15	5¼	4¾
Erie 4%, June, '16	5¼	4¾
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	5	4¾
So. Ry. 4½%, Series E, June, '14	5	4¾

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to July 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York City.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	54	60
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock	....	120	135
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s..1914	J&N	99	100½
Col & 9th Av 1st 5s...1993	M&S	95	100
Christopher & 10th St	QJ	80	95
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	40	49
42d St M & St N Av 6s.1910	M& S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	95	98
Second Av Ry stock	....	8	15
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	50	60
Sixth Av Ry stock	....	120	135
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	70	85
Central Union Gas 5s..1927	J&J	99½	101
Equitable Gas Light 5s.1932	M&S	102	105
New Amst Gas Cons 5s.1948	J&J	97½	99
N Y & E R Gas 1st 5s.1944	J&J	100	103
N. Y & E R Gas Con 5s.1945	J&J	95	98
Northern Union Gas 5s.1927	M&N	99	101
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s.. 1950	J&D	103½	106
Brooklyn Ferry Gen 5s.1943	....	17	24
Hoboken Fy 1st Mtg 5s.1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	94	98
N Y & East River Fy	Q M	20	28
10th & 23d St Ferry	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	60	70
Union Ferry	O J	29	32
Union Ferry 1st 5s....1920	M&N	74	98

ACTIVE BONDS.

[Corrected to July 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	100	101
Amer. Steel Foundries 4s, 1923	64	67
Amer. Steel Foundries 6s, 1935	99	102
Balt. & Ohio, Southwest. Div. 3½s	90	92
Bethlehem Steel 5s	84	85½
Chi., Burlington & Quincy Gen. 4s	97	98
Chi., Burl. & Quincy Ill. Div. 4s	98	99
Chi., Burl. & Quincy Ill. Div. 3½s	86½	87
Cin., Hamilton & Dayton 4s	96½	97½
Denver & Rio Grande Ref'ng 5s	90	91
Louis. & Nashville unified 4s	97	98
Mason City & Ft. Dodge 4s	80	83
Norfolk & West. Divisionals 4s	90½	92
Savannah, Florida & Western 6s	120	123
Va. Carolin Chem. 1st 5s	98½	99½
Western Maryland 4s	82½	83½
Wheeling & Lake Erie cons. 4s	78	80
Wis. Central, Superior & Duluth 4s	90½	91
Western Pacific 5s	92	94

COAL BONDS.

[Corrected to July 20.]

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	70	80
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	8	85

	Bid.	Asked.
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	93	95
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	99½	101
Monongahela River Con. Coal & Coll. Tr. 5s. 1947	95	97
New Mexico Railway & Coal 1st & Coll. Tr. 5s. 1947	95	97
New Mexico Railway & Coal Con. & coll. Tr. 5s, 1951	94	96½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co. 1st 5s, 1928	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	92	95
Sunday Creek Co. Coll. Tr. 5s, 1944	60	65
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1912	80	83½
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to July 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.)	92½	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	76	81
Guanajuato Power & El. Co. Com.	32	..
Arizona Power Co., bonds 6%, due 1933	87	93
Arizona Power Co. pref.	45	50
Arizona Power Co. com.	22	23
Great Western Power Co. bonds, 5%, due 1946	87	91
Western Power Co. pref.	49	51
Western Power Co., com.	27½	28½
Mobile Elec. Co. bds., 5%, due 1946	88	90
Mobile Electric Co. pref. 6%	75	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co. pref., 6%	79	81
Amer. Power & Lt. Co. com.	43	45

MISCELLANEOUS SECURITIES.

[Corrected to July 20.]

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F., com.	83	87
American Brake Shoe & F., pref.	118	123
American Brass	117	125
American Chicle, com.	216	221
American Chicle, pref.	98	103
American Coal Products	96	100
American Gas & Electric, com.	41	44
American Gas & Electric, pref.	40	43
Adams Express	250	270
American Express	238	248
American Light & Traction, com.	260	265
American Light & Traction, pref.	102	106
American District Tel. of N. J.	49½	52½
Babcock & Wilcox	98	103
Borden's Condensed Milk, com.	113	115
Borden's Condensed Milk, pref.	102	105
Bush Terminal	85	100
Cripple Creek Central, com.	20	30
Cripple Creek Central, pref.	40	50
Del., Lack. & Western Coal	200	215
Du Pont Powder, com.	144	149
Du Pont Powder, pref.	83	88
E. W. Bliss, com.	120	130
E. W. Bliss, pref.	125	135
Hudson & Manhattan, com.	18	20
International Nickel, com.	133	138
International Nickel, pref.	89	94
International Silver, com.	50	80
International Silver, pref.	107	112
Int. Time Recording, com.	120	140
Int. Time Recording, pref.	103	108
Kings Co. E. L. & P.	122	126
Oil Fields of Mexico	..	65
Otis Elevator, com.	49	51
Otis Elevator, pref.	93	96
Pacific Gas & Electric, com.	53	56
Pacific Gas & Electric, pref.	83	88
Phelps, Dodge & Co.	190	210
Pope Manufacturing, com.	67	71
Pope Manufacturing, pref.	77	82
Producers Oil	140	150
Royal Baking Powder, com.	185	195
Royal Baking Powder, pref.	102	106
Safety Car Heating & Lighting	123	127
Sen Sen Chiclet	137	142
Singer Manufacturing	270	300
Standard Coupler, com.	30	50
Texas Oil Company	138	142
Texas & Pacific Coal	98	103
Tri-City Railway & Light, com.	22	26
Tri-City Railway & Light, pref.	87	92
U. S. Express	96	100
U. S. Motors, com.	55	65
U. S. Motors, pref.	65	75
Union Typewriter, com.	41	46
Underwood Typewriter, pref.	97	101
Underwood Typewriter, com.	55	57
Virginian Railway	18	23
Wells Fargo Express	162	168
Western Pacific	17	22
Worthington Pump, pref.	103	107

FOREIGN AND MUNICIPAL BONDS.

[Corrected to July 20.]

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Gov. 3½s	92½	93½
German Gov. 3s	81½	85½
Prussian Consols 4s	101½	102½
Bavarian Gov. 4s	100¾	101¾
Russian Gov. 3½s	91	92
Saxony Gov. 3s	83	84
Hamburg Gov. 3s	82	83
City of Berlin 4s	100¼	101¼
City of Cologne	100	101
City of Augsburg 4s	99½	100½
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92½	93½
City of Vienna 4s	95	96
Mexican Gov. 5s	99½	100½
Russian Gov. 4s	92	93
French Gov. Rente 3s	97	98
British Consols 2½s	81½	83½

BANK AND TRUST COMPANY STOCKS

[Corrected to July 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	170	180
Amer. Exchange Nat. Bk.	10	230	240
Audubon Bank	..	115	125
Bank of America	26	575	625
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	315	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	115	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	310	...
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	6	135	145
Century Bank	6	160	175
Chase National Bank	6	435	...
Chatham National Bank	16	320	...
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	430	450
Citizens Central Nat. Bk.	6	155	165
Coal & Iron Nat. Bank	6	145	155
Colonial Bank	10	380	...
Columbia Bank	12	340	...

	Div. Rate.	Bid.	Asked.
Corn Exchange Bank	16	315	325
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	880	900
Fourteenth Street Bank	10	...	150
Fourth National Bank	8	180	190
Gallatin National Bank	14	330	350
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	450	...
Germania Bank	25	500	...
Greenwich Bank	10	250	260
Hanover National Bank	16	610	635
Importers' & Traders Nat. Bank	24	540	560
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	180	190
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	250	260
Mechanics & Metals Nat. Bank	12	240	255
Mercantile Nat. Bank	6	150	160
Merchants Ex. Nat. Bk.	6	160	175
Merchants' Nat. Bank	7	170	180
Metropolitan Bank	8	200	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	250
Nat. Bk. of Commerce	8	210	210
Nat. Butchers & Drovers'	6	133	145
National City Bank	10	370	385
National Park Bank	16	325	340
National Reserve Bank	6	100	110
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	315	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	230
Nineteenth Ward Bank	..	...	270
Northern Bank	6	...	105
Pacific Bank	8	230	240
Park Bank	16	325	340
People's Bank	10	260	280
Phenix National Bank	8	190	200
Plaza Bank	20	625	...
Seaboard National Bank	12	390	...
Second National Bank	12	375	...
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	10	160	175
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	350	370
Bankers' Trust Co.	16	650	675
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	...	130
Central Trust Co.	45	1000	1025
Columbia Trust Co.	8	280	300
Commercial Trust Co.	..	110	125
Empire Trust Co.	10	300	320
Equitable Trust Co.	24	...	490
Farmers' Loan & Trust Co. (par $25)	50	1675	1725
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	215	...
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	825	850
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	170	...
International Bank'g Corp.	..	90	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	290	310
Lawyers' Mortgage Co.	12	240	250
Lawyers' Title Insurance & Trust Co.	12	270	280
Lincoln Trust Co.	..	130	150
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	535
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	240	260
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	200	210
New York Trust Co.	32	640	660
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	475	490
Trust Co. of America	10	340	352
Union Trust Co.	50	1300	1350
U. S. Mtg. & Trust Co.	24	470	480
United States Trust Co.	50	1175	1225
Van Norden Trust Co.	..	111	210
Washington Trust Co.	16	365	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	110	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
Fourth National Bank	7	173¼
Merchants National Bank	10	266
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	204
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127
People's National Bank, Roxbury	5	122½
Second National Bank	10	263½
South End National Bank	5	104½
State National Bank	7	182
Webster & Atlas National Bank	7	180
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	735
Puritan Trust Co.	8	219
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	315	...
Commercial National Bank.	8	239	242
Continental National Bank.	10	281	283
Corn Exchange Nat. Bank.	16	...	415
Drovers Deposit Nat. Bank.	10	221	228
First National Bank	16	415	419
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	175	180
Live Stock Exchange Nat. Bank	10	218	225
Monroe National Bank	4	130	134
Nat. Bank of the Republic.	8	199	201
National City Bank	6	207	210
National Produce Bank	4	144	...
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank..	..	...	110
Austin State Bank	10	280	...
Central Trust Co.	7	163	...
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	148
Citizens Trust Co.	4	100	111
Colonial Tr. & Sav. Bank..	10	192	195
Drexel State Bank	6	...	153
Drovers Tr. & Sav. Bank...	8	175	180
Englewood State Bank....	6	114	...
Farwell Trust Co.	6	119	123
Hibernian Banking Assn...	8	205	210
Illinois Tr. & Sav. Bank...	20	496	503
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	133	138
Lake View Tr. & Sav. Bk.	5	136	...
Merchants Loan & Tr. Co..	12	410	416
Metropolitan Tr. & Sav. Bk.	6	119	121
Northern Trust Co	8	318	326
North Avenue State Bank..	6	135	137
North Side State Bank....	6	125	...
Northwest State Bank	4	117	...
Northwestern Tr. & Sav. Bk.	6	139	143
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	204
Prairie State	6	250	...
Pullman Loan & Tr. Bank.	8	160	...
Railway Exchange Bank...	4	125	...
Security Bank	6	168	174
Sheridan Tr. & Sav. Bank	6	110	112
South Chicago Sav. Bank...	6	144	148
South Side State Bank....	..	135	150
State Bank of Chicago ...	12	334	338
State Bank, Evanston	10	278	...
Stockmen's Trust Co.	5	113	115
Stock Yards Savings Bank.	8	...	215
Union Bank	6	132	136
Union Trust Co.	8	325	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	150	155
Woodlawn Trust	8	134	139

NORTHERN BANKERS' ASSOCIATION

Annual Convention at Portsmouth, N. H.

THE Northern Bankers' Association, which is composed of banks in Vermont and New Hampshire, held its annual convention at the Hotel Wentworth, Portsmouth, N. H., June 22 and 23.

The convention opened with a banquet at the Wentworth on Wednesday evening, June 22, F. W. Sawyer, cashier of the Souhegan National Bank, Milford, N. H., and president of the Northern Bankers' Association, presided. After recounting the work of the association, he introduced Hon. John McLane, who was Governor of New Hampshire at the time of the holding of the Russo-Japanese Peace Conference at Portsmouth. Governor McLane gave an interesting account of that historic episode. He began by sketching the conditions of the two opposing powers at the time the conference was called, and gave an entertaining description of the principal personages at the conference and of the events marking its progress from the beginning to the close.

Others who spoke were Hon. Wallace Hackett, former mayor of Portsmouth; Henry M. Batchelder, president Merchants' National Bank of Salem, Mass., and member executive council of the American Bankers' Association; Judge Page of Portsmouth; J. N. Brown, president Alamo National Bank, San Antonio, Texas; and the editor of THE BANKERS MAGAZINE.

The second day of the convention was largely devoted to entertainment features, which included a trip to the Portsmouth Navy Yard and an inspection of the battleship New Hampshire, a visit to historic places in Portsmouth, lunch at the Rockingham, and a social hour at the home of Judge Page.

The Northern Bankers' Association has a large and active membership, and the organization is in a flourishing condition.

Hotel Wentworth, Portsmouth, N. H.

PERILS OF UNSOUND LEGISLATION

Address of Elmer H. Youngman, Editor of THE BANKERS MAGAZINE Delivered at the Meeting of the Northern Bankers' Association, Hotel Wentworth, Portsmouth, N. H., June 22, 1910

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BANKERS as conservators of wealth and credit are profoundly interested in whatever affects the welfare of our business institutions. Anything that influences, either for good or ill, the industries and commerce of the country must in the long run be reflected in the banks, for it is here that all business centers.

One fact stands out strikingly in the civilization of to-day—the identity of interest between different classes and widely-separated localities. This commonalty of interest breaks down local barriers, obliterates sectional lines, destroys class prejudices, and even crosses seas to make brothers of those who dwell in far-away lands and who speak in unknown tongues.

The great financial centers are to-day bound together by ties the most intimate and sensitive, so that a serious disturbance at New York will cause anxiety at Paris and London, while neither of these markets can suffer without harm being done on this side the ocean.

In view of this interdependence of various classes and different sections, which every enlightened person recognizes, is it the part of wisdom to impose hurtful legislative restrictions upon certain lines of business in the belief that an injury to them will not react upon the entire community?

Railroad and Corporation Legislation.

The most conspicuous of the legislative acts aimed at great corporate combinations was what is generally known as the Sherman Anti-Trust Act. Its early history seems to warrant the inference that the act was passed to satisfy the spirit of hostility to the trusts that prevailed at the time, and that there was little thought that the law would be enforced. In fact, the law was practically a dead letter until Mr. Roosevelt discovered that it afforded a convenient means of putting some of his precepts into practice. Here was something ready at hand with which the "malefactors of great wealth" could be taught a lesson.

But it has been found that this law not only reaches what Mr. Bryan termed the "predatory interests," but that it applies to our railways, our industrial corporations, and that even the individual who buys out his competitor and who does an inter-State business is liable to its penalties.

Instead of having a law that draws a sharp distinction between a combination that is harmful and one that is beneficial, the Sherman Anti-Trust Act practically places all business combinations at the mercy of the Federal Government. Business is carried on under tolerance only. The discretion of the executive may have been wisely used or not. The fact that at any time it may be used to punish mere technical violations, harmful to nobody, places the business of the country on an uncertain basis.

The right to do business is one not derived from any authority. It is a natural right that can not be limited or taken away except for the general good. And under present conditions the right to form corporations and even to combine corporations can not be denied without great injury to business interests.

The economic laws governing business can not be created, amended or repealed by act of Parliament. All attempts in this direction must be futile in the end; but while they are being made the business of the country suffers enormously.

Whatever theories any one may have, we are face to face with the fact that the corporation is here and that it will remain, and that corporations, when they find it desirable, will combine. To fight against this tendency would be equivalent to antagonizing the telephone, the telegraph, the electric motor or the æroplane, or to fight against the stars in their courses.

Business laws are evolved from conditions which are ever changing, and they must obey the law of progress and adapt themselves to the needs of the times.

When the corporation is taxed and the individual engaged in the same line of business is not taxed, then an injustice has been done, yet this rule prevails in recent Federal legislation. If regulation was the end sought, it should have been reached without resorting to unjust discrimination. The regulation of corporations does not necessitate the imposition of a penalty upon their existence.

No shouts of approval from the unthinking multitude can repair the ravages that invariably follow the crystallization of prejudice and passion into legislative acts.

We may well distrust the power of legislation to make men virtuous, happy and prosperous, but we know that a bad law, or even a good law injudiciously applied, will destroy more wealth in a single day than industry and thrift can accumulate in a year. The building up of wealth is a slow and laborious process. It requires not only skill and judgment, but industry, frugality and self-denial. The destruction of wealth is easy and requires but little qualification except prodigality and foolishness.

How eagerly do we scan the crop reports in endeavoring to make a forecast of the season's prosperity. And by bitter experience we have learned that careful heed must also be taken of the crop of new legislation springing up every year, for in this direction lie possibilities of danger greater than those to be feared from floods, droughts, rust, boll-weevil, grasshoppers, chinch-bugs, army-worms and all the innumerable enemies that beset the farmer from seed time to harvest.

With forty-six State legislatures and Congress ready to grind the mental grist of the reformer, the politician, the doctrinaire and the demagogue, there is imminent danger that the legitimate business undertakings of the country will be legislated to death. And this peril will be increased if we are to enact into law every declaration which a political convention may manufacture for the purpose of catching votes.

The currency, the tariff, the regulation of corporations—all these matters require wise, careful, deliberate and unprejudiced consideration. Too often in legislating on these subjects have we been guided by party expediency or by the exigencies of the moment. More than once have we followed the teachings of the men who make noise rather than of those who think. Sneer as any one may at the critic and the closet philosopher, that nation is bound to suffer that refuses to listen to what economic experience has to say.

Recently we have had a clear illustration of the possibilities of mischief inherent in the anti-trust law. The railroads of the country found themselves under the necessity of raising their rates to meet the increased cost of labor and materials. For a time it looked as if the law were to be invoked to prevent an increase of rates. Thus the roads would have been practically forced by the labor unions to increase the wages of their employees, and compelled by the generally increased prices of commodities to pay more for their materials, and yet denied by law from reimbursing themselves for this increased outlay by putting up their rates for freight and passenger traffic. Ultimately, this policy would have bankrupted every railroad in the country. But wiser counsels prevailed, and a way out of the difficulty was found.

What would have been the result had the Presidential chair not been filled by one as wise, sane and judicious as Mr. Taft, may be readily imagined.

The Sherman Anti-Trust Act would be an exceedingly dangerous weapon to place in the hands of an over-zealous reformer who might ride into power at some time when the public mind should be inflamed against the possessors of corporate wealth. Even under the most favorable circumstances, the law contains too many dangerous possibilities to the legitimate business interests of the country.

A public commission, composed of the ablest and most representative men of the country, should be created to study the situation carefully, and to report to Congress such amendments to the law as would make it thoroughly effective against corporate oppression of every kind, and that would make it impossible to use the law to frighten or coerce those engaged in any legitimate undertaking.

In behalf of those corporations that have broken the laws, defied all the principles of ethics, and whose aggressions have been bounded by nothing save their own greed, I utter no word of apology or defense. They sowed the wind, and are reaping the whirlwind. They have done more to advance the cause of socialism than all other influences combined. But the great majority of the corporations are law abiding. They have a right to demand that the laws relating to their organization and methods shall be reasonable and just, administered fairly, and not used to embarrass legitimate business operations.

Let us not forget that an injury to the great railroad interests must be harmful to us all. We are told that in the last year forty-one per cent. of the gross earnings of the railways went to pay for labor, and if we take into account the labor cost of the materials bought by the railroads, it will be found that labor got more than half the gross earnings, while capital received in the form of dividends and interest a little over one-fifth.

A reduction in the earning power of the railroads, or the adoption of any policy that imposes unreasonable restraints upon the operations of these great and beneficent institutions, will of necessity decrease the wages of American labor, and impair one of our most useful agencies in the production and distribution of wealth.

Nor can you as bankers forget what would happen should there be a serious fall in the value of railway securities. Very properly these securities constitute a large portion of the investments of savings banks and trust companies, and even the commercial banks are finding it advantageous to invest their surplus funds in the same way. The use of railway bonds and stocks as collateral for bank loans also vastly enhances the interest of the banker in the stability of the values of these securities.

It is quite within the truth to say that anything seriously disturbing the railway situation will be productive of widespread harm; and that while the capitalist would suffer, the laborer would suffer still more, because of his greater share in the earnings of the railways and his greater dependence on his income as a means of support.

Therefore, without extenuating any of the offences of which the railways or other

great corporations may have been guilty, nor denying that reasonable regulation would be beneficial to the corporations and the public, I wish to enter a plea for deliberation, justice and moderation in dealing with these problems.

Moral enthusiasm is indeed a splendid thing, but while there remain in the world such prosaic individuals as the landlords, the butchers and the tailors with bills to be paid, this enthusiasm will have to be mixed with a large proportion of reason and common sense.

The machinery of commerce is complex and delicate. The various parts of its mechanism and the rules governing its efficient operation are better understood by the man of business than by the politician or the ardent reformer. The railroad man and the director of the corporation have something else to do than to carry out the theories of the idealist and the dreamer. They must find the means of paying dividends and wages, so that capital shall receive its just reward and hungry mouths be fed.

Our captains of industry are enlightened men. They can read the signs of the times. Already, without legislative compulsion, they are constantly imposing higher standards upon the corporations they direct. Not so readily perhaps as they should have done, but finally, they have come to understand that corporate dishonesty and individual dishonesty look very much alike. They see that extortion and sharp practice will cause a lack of confidence and invite retaliatory legislation. Not only is there a tendency toward the correction of abuses, but to this negative kind of virtue has been added something of a positive character. Many of the great railway and other corporations are providing pension systems, accident insurance and various forms of welfare work, all calculated to ease the burdens of labor. Perhaps this policy may be dictated by selfishness; but if so, it is enlightened selfishness, tending to benefit the employee. It would be more charitable and possibly quite as accurate to say that the captain of industry is not beyond the humanizing influence of that growing spirit of interdependence and brotherhood which only the mentally obtuse or the morally blind can have failed to perceive.

When a demand for a reduction of railway rates is made by a merchant or manufacturer whose profits far exceed the return on railway investments, the good faith and justice of such demand may well be questioned.

When the railroads are forced to pay more for labor and materials, and prohibited from raising rates, this amounts to what is in effect a confiscation of property.

Our recent railway legislation tends to make the Government the sole judge of the country's railway policy, without assuming any of the risks and responsibilities of management and control. It is a long and perilous step in the direction of Government ownership and one that should not have been taken without the most careful deliberation.

Executive Craving for Legislation.

Not the least of our dangers from unwise legislation arises from the executive who no sooner gets into office than he begins an active campaign for carrying out some favorite legislative programme.

In the very first article and the first section of the Constitution of the United States it is declared that "All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives." Has not this provision been obscured by the struggle of the President in recent years to have his favorite policies enacted into law?

The proper place of the President with respect to legislation is thus defined in Section three, Article two, of the Constitution: "He shall from time to time give to Congress information of the state of the union, and recommend to their consideration such measures as he shall judge necessary and expedient." Would it not strain the English language to refer to some of the legislative activities of our two most recent Presidents as "recommendations"?

The craving for more and more legislation seems to be universal, and the President merely becomes for the time the embodiment of that mistaken belief in the efficacy of statutes in directing business enterprise. Executives of the nation and of the States seem now to think quite as much, if not more, of carrying through a legislative programme than they do of enforcing the laws they were elected to execute.

Sometimes, indeed, the President more clearly represents the public will than do the members of the House and Senate. His utterances may be the voice of the people, which has been declared to be the voice of God. But the power to compel Congress to adopt his views is not found in the Constitution. And while I am not unmindful of the fact that this power has sometimes been used wisely and beneficially—as when in 1893 President Cleveland wrung a repeal of the silver-purchase act from an unwilling Congress—I nevertheless believe that the practice of legislative interference by the executive, outside the wise limits imposed by the Constitution, is fraught with grave danger. And that this danger is not imaginary but real, I think one or two examples from recent legislative history will prove.

In the spring of 1908, while the people were still smarting under the experiences of the panic of the preceding fall, a movement for currency legislation was initiated in Congress. Many people believed that

there was instant need of a law of some kind providing for the issue of more bank notes. They failed to realize what you bankers well know, that generally for a long time after a severe panic a currency famine is about the least likely thing to happen. Mr. Roosevelt, who is never so happy as when in action, became imbued with the belief that currency legislation of some kind was necessary, and most unfortunately his desire for action caused him to throw his influence in favor of the Aldrich-Vreeland law, which violates nearly every sound principle of a bank-note currency, and whose enactment has greatly delayed the reform of our banking and currency system along scientific lines.

The story is told that one day a delegation of business men called to talk with Mr. Roosevelt regarding currency legislation. To this delegation he is reported to have said: "Gentlemen, in one respect I resemble Abraham Lincoln—I don't know anything about currency." In view of this, it might have been expected that he would have been governed by one of the late Tom Reed's favorite maxims—"When you don't know what to do, don't do anything"—but he was evidently too fond of seeing things moving to be bound by any such conservative notions.

Quite recently we have had a more striking illustration of the President's devotion to a legislative programme. Mr. Taft seems to have conceived the idea that the salvation of the country and the life of the Republican party were dependent upon the enactment of a postal savings bank law. And yet I believe the best-informed men of the country will bear me out in saying that such a law was unnecessary, for the very good and sufficient reason that the legislatures of the respective States have full powers to enact just such savings legislation as the people need. What possible ground is there for calling on the Federal Government to do what the State legislatures can do equally well or better? You have shown here in New Hampshire, and throughout New England, that you do not need the help of the Federal Government in taking care of the people's savings. If the mutual savings banks are not adapted to conditions as they exist in the South and West, any other system could have been adopted, as has been done in Michigan and elsewhere.

If the Government made a mistake in issuing two per cent. bonds, the proper remedy would have been to refund the bonds at a rate attractive to investors.

To a considerable extent the postal savings bank will draw money away from the localities where it is most needed, and will thus work an injury to the people whom it is intended to serve.

Reduced to its lowest terms, the postal savings bank is a roundabout means of insuring savings deposits. And seeing that the Government will pay but two per cent. interest on these deposits while the ordinary savings banks are paying an average of about four per cent., the cost of this insurance to the depositor is exorbitant.

I happen to know that influential members of Congress were led to vote for the postal savings bank bill because they feared to offend the President. Such a situation is to be deplored.

And it is not the demagogue from whom most is to be feared in this respect. The American people seem capable of taking a demagogue's measure and keeping him out of the highest office in the land. It is the popular hero, obsessed with an idea of his divinely-appointed mission or the infallibility of his wisdom, that is the most dangerous. The member of Congress trembles and abdicates his authority before the popular idol of the hour. He prefers to sacrifice his judgment, to stifle his conscience, rather than to vote against a legislative hobby of a President who may be so firmly entrenched in public estimation as to be deemed incapable of making mistakes. We need legislators who have the courage of their convictions. We need, and we badly need, some prompt and efficient means of applying to our legislative problems a higher degree of intelligence, so that our laws may fairly represent the progress we have made in education, commerce, industry, science and invention. In nearly everything that constitutes material and moral greatness we are well abreast of the world. But no one would guess it by studying much of our recent legislation.

While the shores of New York are even yet echoing with the welcome to our foremost citizen, I should be the last to raise a discordant note. Every American worthy the name glories in the character and achievements of Theodore Roosevelt. It was said of a Roman Emperor that he found Rome of brick and left it marble. It may be said of Theodore Roosevelt that he found the American people so deeply engrossed in the pursuit of wealth that they had lost sight of many of the higher principles of life. He aroused the national conscience, rebuked iniquity in high places, and set in motion a wave of moral reform whose cleansing and refreshing tides have sent a new glow of health throughout the life of the nation. He stirred us from the moral lethargy into which we had been sunk by sordid aims and awoke us to our better selves. To have done so mighty a work as this for an entire nation is honor enough for any man. But his influence did not stop there. It circled the earth, made his name famous the world round and increased the glory and honor of American citizenship.

Nor would I have you believe that I am lacking in respect for the Presidential office or for the present distinguished occupant thereof. In courage, patriotism, adminis-

trative ability, and all that goes to make a great, manly, brave American President, William H. Taft is worthy of our respect, our confidence and our love.

I wish especially to disclaim any intention of personally criticising him or his predecessor. I have simply endeavored to point out that executive insistence on a legislative programme is something apparently not contemplated by the Constitution, and that it is a policy fraught with the gravest perils —not confined to national affairs alone, but that a similar condition is developing with relation to the State executives and the State legislatures.

Self-Reliance Needed.

Most of our wrongs are to be redressed by our own vigorous individual insistence on our rights. The courts can attend to nearly every grievance without the enactment of a single new statute. Where legislation is needed, trust to your legislature, and call upon Congress only as a last resort.

Unwise legislation can be prevented only by electing the wisest and best men to office, and by educating the people so that they will think and act temperately and justly on all public questions.

Our currency and banking legislation affords a striking example of the perils of unsound law making. It does not fairly represent the progressive spirit of the American people. We are clinging to superstitions that other less advanced nations have long since discarded. We shall learn some time, it is hoped, that bonds are not a suitable or necessary foundation for currency, that silver, greenbacks and bank notes should not be used as a basis for bank credits, and that only great and strong banks, adequately equipped and managed, are fitted to act as reserve agents.

We have already learned something about the tariff. We know at last that when the duty on beeswax or pins requires adjustment, it is not absolutely essential to halt the entire business activity of the country on that account. In the light of intelligent and careful investigation such changes may be made, annually if needed, as will occasion the least possible disturbance of the country's industry and trade.

As bankers you possess the confidence of your depositors and are therefore in a position to do much in inculcating sound principles among the voters. The people are coming into political power, and the reign of the boss is passing. Those of us who have faith in republican institutions must believe that the people when thoroughly informed and with time for unprejudiced deliberation will decide aright every question submitted to them. He who has not faith in the people lacks faith in American institutions. Let us not be dismayed by the signs of agitation and unrest which are but manifestations of the law of progress and of life. A nation of nearly one hundred million people, free, intelligent, prosperous and happy, is an inspiring spectacle. We who are fortunate enough to live in this land and among this people have reason to rejoice and give thanks.

And now my talk is ended. I thank you for the courtesy and patience with which you have listened to my too critical and ungracious remarks. Before I sit down I would trespass a moment longer on your patience. We are here to-night on a spot made memorable in the world's history by the Treaty of Portsmouth which ended the war between Japan and Russia. These are times when, on account of the growing burden of naval and army expenditures, practical statesmen are discussing means of reducing appropriations for purposes of war. It can not be expected that we as a nation will ever be content to occupy a place with the weaklings. So long as other nations keep on increasing their armaments we shall maintain our standing as a naval and military power, whatever the cost may be. Yet this race for supremacy is costly and unwise, and must come to an end some time. Perhaps force may never be dispensed with as a last resort in settling controversies, but if a properly-constituted international court were established by the leading civilized nations, the employment of force might be limited to carrying out its decrees. The efforts being made along this line by the statesmen of this and other countries seem practicable and worthy of support. Contenting ourselves for the present with attainable progress, we may yet indulge the hope of a time, perhaps far distant, when the "peace of justice" will reign universally.

SAFE DEPOSIT

HUMAN NATURE AS SEEN IN A SAFE DEPOSIT VAULT

SOME ODD CHARACTERS AMONG THE BOX RENTERS

"YOU'D be surprised," said the officer in charge of the safe deposit vaults connected with one of New York's largest banking institutions to a reporter for the New York "Times," "at the opportunity I have to study human nature and certain phases of character among our patrons who rent boxes. There is no mistake; it is one of the finest places for this sort of study, as the environment of heavy doors, steel bars, time locks and all that, a room where the individual keeps those valuables he or she prizes most—bonds, stock, jewelry, and often cash—brings out some things in their make-up that under ordinary circumstances would rarely come to the surface.

"In these vaults we have nearly 1,000 boxes, and never during all my experience—I've been here some years, too—have I known two persons who are exactly alike as regards the manner in which they act when visiting their boxes, either for the purpose of putting in valuables, taking some out, or just come for the fun of looking over what they have stored away.

"Why, some of them get so nervous when they enter the big vault that they can hardly place the key in the lock of their box, and remain nervous, too, until they see their valuables are intact. Others when returning their box to its space will pull it out several times before locking it as if greatly regretting the temporary parting with their possessions. Some will take their box and tip-toe to and from the booth as if they thought some one on the street might know they were there, and actually had something of worth and necessitating the use of a strong box.

"During the panic of 1907," he continued, "a man prominent in the New York business world—you'd know him, too, if I were to mention his name—came here and rented a box. Unquestionably he had others elsewhere, but he took one here just the same, and among the things he put in it was a package of new-crisp bank bills—there was probably $30,000.

"I don't know—nor care, for that matter—what people place in their boxes. It's not my business to know; but this particular man did not hesitate to let me understand just what was in his. In fact, I rather think he wanted me to know that he had money in it, for it subsequently developed that he felt there would come a time during the panic when ready cash would be mighty hard to get and he was taking time by the forelock, as it were.

"Well, he would come in very often—about once a week—get out his box and place it before him on my desk instead of going to one of the booths as most people do.

"Then he'd take out the bills and count them over a couple of times, a smile on his face during all of the procedure. When finished, he would return the box to its little space, but before actually locking the door would pull out the box about three times, lift the lid, gaze fondly at the stack of bills, and then gently, even lovingly, pet them.

"Can you beat that? Pet them! He was absolutely oblivious of my presence, it seemed. Even after he had locked the box and was going through the big door he would look over his shoulder toward the location of his possessions.

"No, indeed, he wasn't the only one who resorted to a deposit box in those days. In fact, during the three months from November, 1907, to the end of January, 1908, I reckon I rented over fifty boxes to different people, and I'm morally certain that most of them were used to hold cash. The majority of those fifty gave up their boxes after the trouble was all over—that is what caused me to have that opinion.

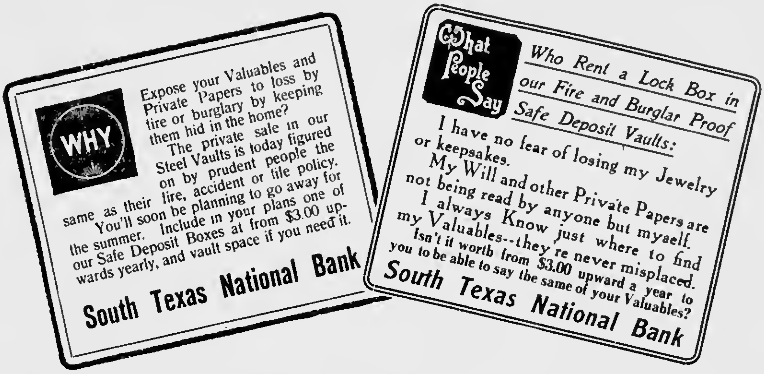
"Yes, I suppose those little things in there," he added, pointing to row upon row of shining brass boxes, "contain many millions of securities, and I shouldn't be surprised if they held a number of joys and sorrows, too, for that matter, of which the world may never know.

"One of our customers rents a box, in which he keeps just one thing. It is a daguerreotype of his mother.

"He comes in here pretty regularly, takes out his box, sits over yonder in that chair and just looks at that picture. He is a man about my own age, and I didn't think he'd feel offended, so, at his third visit, I said to him: 'That looks like an old-fashioned daguerreotype—the kind we used to have when I was a boy.'

"'It is,' he responded, 'a picture of my mother—she's dead now. Would you like to see it?'

"He handed it to me. It was the picture of one of the sweetest and quaintest



Daily newspaper ads. from the South Texas National Bank of Houston. Very effective

looking women I have ever seen, and dressed in the style of half a century ago.

"The man seemed pleased to think that I wanted to look at it, and even now, at each visit he makes, and after he has silently gazed at it for some minutes—often I fancy I see tears in his eyes—he hands it over to me without saying a word. 'Finished?' he asks a few moments later, and then takes it gently in his hand, places it in his tin box, locks it and departs. No, I don't know anything about the man personally, but the touch of sentiment is the prettiest I have known.

"Certain evidences of economy on the part of wealthy men who rent boxes might surprise you, too. Why, I've known some to rent a five-dollar box, then change to a ten, then to a fifteen, and as they disposed of their securities go back to a ten or a five, just to save the few dollars.

"This by men of wealth, mind you. And, furthermore, I've seen some of them fuss for a long time sorting and resorting their papers and securities so they would not have to get a larger box.

"I suppose this is real economy, but it appears strange to think that men who handle hundreds of thousands a year would do that sort of thing. It's another phase of character, though, I suppose.

"Oh, yes, we have a good many women who rent boxes, and we like to have them, too, although we are a bit more particular as to their references, for the simple reason the gentler sex as a rule is controlled by emotions, and it is hard sometimes to make them understand or appreciate conditions. We had a fair example of that here not so very long ago. I'll tell you about it.

"Down in Vesey street there is a Jewish woman by the name of—well, never mind her name. It's enough to know that she had made a big fortune in the sale of celery.

"No, you wouldn't think, to look at her, that she had a lot of money and diamonds, but she has, just the same. She came here well recommended and rented a box. Among the things she put in it was a number of diamonds, and she told me at the time they were to go to her niece when she became of age.

"Some weeks later she came in again and wanted to look at the box. I put in my pass key, which as you know only half opens the lock and necessitates the box owner finishing the turn with his or her own key. She put in her key, turned it around, pulled out the box, lifted the lid and uttered a scream.

"'The diamonds are gone!' she cried.

"'Gone!' I repeated. 'Why, that can't be! No one has been in the box but yourself—no one could get in!'

"'But they are not there,' she wailed, 'and my nephew Davy saw me put them in—Davy saw me!'

"She was getting more excited every minute, so I told her to lock the box and send for Davy. Then I reported the matter to the president.

"We waited for Davy. He came along after a while and the box was reopened. Davy put his hand in it and drew out the diamonds.

"The celery woman made a motion to hug me, but I dodged. She hadn't seen the diamonds the moment she opened the box first and jumped at the conclusion they were gone. It was a fair example of the emotional makeup of some women."

"By the way," asked the reporter, "how can you tell that the individual who comes in here, say once a year, and has forgotten his box number, but has his key, is entitled to enter the box the key calls for?"

"That's where our character study comes in," was the answer. "If the man comes here but once a year I may possibly have forgotten his name, of course, and people, as a rule, do not like to be forgotten.

"Oh, yes, I can generally get him to talk, and if he hasn't told me his name I generally get it before putting my pass key in the lock, and I get it in such a way as not to offend the man or woman, as the case may be. Of course, if I am still in doubt we carry the signature of every boxholder, and I could call upon the man or woman to write his name and make the comparison, but as yet I have never had to resort to this.

"No, you who are out in the bustle and hustle of the street each and every day might not think this is interesting work, but it is, just the same, and when I said it is a great place to study the unusual characteristics of some people I meant just what I said. I've only given you a few examples of them—there are many more."

PROGRAM OF THE LOS ANGELES CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION

THE interest manifested in the thirty-sixth annual convention of the American Bankers' Association which will be held in the city of Los Angeles the week of October 3, 1910, has been phenomenal. Even six months ago arrangements for special trains were consummated by different State Bankers' Associations, which are scheduled to start from New York, Philadelphia, Chicago, Cincinnati, New Orleans and St. Louis. Reports indicate that they will carry a larger number of people than ever before carried in a body to these national conventions.

The local committees of bankers at Los Angeles have been working on plans for the entertainment and other convention features for several months. The program as outlined by the local committee was submitted to the executive officers of the American Bankers' Association at a meeting just held in New York. Those present at this meeting were President L. E. Pierson of New York; vice-president F. O. Watts of Nashville; chairman Wm. Livingstone of Detroit and general secretary F. E. Farnsworth of New York.

The program as outlined and adopted is as follows:

Business Sessions.

Monday, October 3, committee and council meetings; Tuesday, October 4, first day's sessions of convention proper; Wednesday, October 5, trust company section meeting and meeting organization of secretaries; Thursday, October 6, savings bank section and clearing-house section meetings; Friday, October 7, second day's session of convention proper; Friday evening, October 7, first meeting of the new council for organization purposes.

The four sessions of the convention proper will be held in the Auditorium Theatre; the morning sessions commencing at ten o'clock sharp, adjourning at one o'clock for luncheon; the afternoon sessions commencing at two o'clock.

The Auditorium which is called "The Theatre Beautiful" is within three blocks of most of the hotels, and is especially adapted for convention purposes.

Entertainment.

Monday evening, October 3, annual council dinner, tendered by the bankers of Los Angeles, at the Hotel Alexandria; entertainment for the ladies of the members of the council; Tuesday evening, October 4, grand reception and ball at the Shrine Auditorium, (this building is one of the finest of the kind in the United States, and can accommodate any number of people in a most comfortable manner); Wednesday, October 5, trip to Catalina Island where a barbecue will be given; automobile ride to Pasadena; Wednesday evening, October 5, theatre; Thursday, October 6, trip to Catalina Island where a barbecue will be given; automobile ride to Pasadena; Thursday evening, October 6, theatre.

The arrangements for Wednesday and Thursday are identical and are so made that the large number of people can be better provided for, and that the entertainment will not interfere with the section meetings.

DATES OF COMING CONVENTIONS

Association.	Date	Place	Secretary	
A. B. A.	Oct. 3- 7	Los Angeles	F. E. Farnsworth	New York
Arizona	Nov. 11-12	Phoenix		
Kentucky	Sept. 12-13	Louisville	A. B. Davis	
Wisconsin	Aug.. 17-18	La Crosse	Geo.D. Bartlett	Milwaukee
Pennsylvania	Sept. 6- 7	Bedford Springs	D. S. Kloss	Tyrone
Indiana	Sept. 14-15	Evansville	Andrew Smith	Indianapolis
Colorado	Sept. 27-29	Grand Junction	G. L. V. Emerson	Silverton
Illinois	Oct. 26-27	Cairo	R. L. Crampton	Chicago

LATIN AMERICA

DOMESTIC CORPORATIONS IN MEXICO, THEIR ORGANIZATION, RIGHTS AND DUTIES

By M. Cervantes Rendon, Assistant Consulting Attorney for the Foreign Office

INTRODUCTION.

THE Mexican law recognizes as Moral Persons: (1) The nation, the states and the municipalities. (2) Such associations or corporations, whether temporary or perpetual, as are founded for the purpose of public utility, or whose motive is such, or public and private utility jointly. (3) Civil and mercantile companies, viz.: partnerships and corporations, formed according to law.

The moral or legal personality attributed by law to the above-mentioned associations, corporations or establishments produces two effects: (1) It invests them with a legal entity, that is, it gives them a legal and separate existence, distinct and independent from each one of the members composing same. (2) It confers upon them legal capacity for the exercise of all rights inherent to their object.

We may divide the moral persons, above enumerated, into two principal groups: (1) Public corporations, which include the nation, the states, municipalities, and corporations which are founded with a view to public utility, such as hospitals, etc. These are governed by the constitution of the republic, and the respective organic laws emanating therefrom; by the state constitutions and organic laws, by municipal bills and, in general, by the body of laws which constitute the constitutional and administrative law of the republic. (2) Private corporations, including: (a) foundations and associations established by private persons for scientific, artistic, religious, humanitarian, literary or similar purposes, and, in general, those not having in view the gaining of profit, (b) civil and mercantile associations intended for profit.

CIVIL AND MERCANTILE PARTNERSHIPS AND CORPORATIONS.

Mercantile partnerships and corporations are governed by the prescriptions of the commercial code, a general law enacted by the federal congress, and in force throughout the republic, the states not being permitted to legislate in commercial matters. The companies referred to are those which engage in business classed by law as "commercial transactions."

COMMERCIAL TRANSACTIONS.

The law considers as commercial transactions: (1) All acquisitions, transfers and bailments made with the object of commercial speculation, of commodities, chattels, movables or merchandise of any kind, whether in their natural state, or after being manufactured or partly wrought. (2) The purchase and sale of real estate, when made with the object of commercial speculation. (3) The purchase and sale of an interest in and of the shares and bonds of commercial companies. (4) Contracts relating to the obligations of a state, or other securities customary in trade. (5) Concerns having for their object the trading in provisions and other supplies. (6) Concerns for contracting public and private works. (7) Building and manufacturing concerns. (8) Transportation of persons or goods by land or water. (9) Establishments for the sale of books, and editorial and printing houses. (10) Concerns for commission and agency business, mercantile commission and agency and establishments for conducting public vendues. (11) Enterprises for public amusements. (12) Banking operations. (13) Contracts relating to maritime commerce and navigation. (14) Insurance contracts of all kihds. (15) Commercial deposits, warehouse deposits and the operations made with their

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certificates. (16) Contracts involving the issuing of checks, letters of credit, bills of exchange, drafts, promissory notes and other negotiable instruments. (17) All obligations of merchants and those between merchants and bankers, unless they are shown to be of an essentially civil nature. (18) Sales by farmers of their products. (19) Mining enterprises. (20) Other analogous acts.

When the nature of these acts is in doubt, it will be fixed by the courts.

KINDS OF COMMERCIAL COMPANIES.

The law recognizes five kinds of commercial companies: (1) Ordinary partnerships,

viz., unlimited liability. (2) Partnerships having one or more dormant partners. (3) Limited companies or corporations. (4) Joint stock companies. (5) Co-operative societies.

MERCANTILE ASSOCIATIONS.

These are, according to the commercial code, associations for mercantile transactions, formed without any special legal formality, either for a special transaction or for various ones for a limited time. These associations are unusual.

COMPANIES UNDER THE CIVIL LAW.

These companies or partnerships are such as are formed under and subject to the civil codes of the various states, for the purpose of gain and which do not fall within the definition of commercial companies.

There are three categories of these, viz.: (1) General, including all property of which the partners are possessed. (2) General partnerships limited to all profits derived. (3) Special, or, those referring to such property as may be mentioned as forming the object of the association, to its fruits or production, or to exercise of a stated industry or profession.

These companies may be organized under the provisions of the commercial code, without losing their character as civil societies.

In this article we shall only refer to corporations formed with commercial end in view.

Domestic Corporations.

WHO MAY ORGANIZE A CORPORATION.

The organizers of a corporation must be individuals of full age, in possession of all their civil rights. Persons under parental control, guardianship or disability by marriage, cannot organize a corporation, with the following exceptions: Minors under 21 but over 18 years of age, legally emancipated or licensed by the court, or legally authorized by their parents or guardians. Married women, over 18, duly authorized by their husbands, in a public document (declaration before a notary public). This authorization may be special or general and is subject to be revoked by the husband at pleasure. This authorization is not required in case of legal separation, declared absence, interdiction or privation of civil rights of the husband.

FORM OF ORGANIZATION.

The law recognizes two ways of organizing a corporation:

FIRST FORM OF ORGANIZATION.

Two or more parties may appear before a notary, either in person, or by a duly constituted attorney, and execute articles of incorporation, which must contain the following requisites:

1. The names and residences of the parties.
2. The name of the corporation.
3. The domicile of the corporation.
4. The object for which it is organized, its duration and how came it to be computed.
5. The capital stock, specifying the kind, number and value of the shares into which it is divided, and the value and amount subscribed.
6. The manner in which the affairs of the company are to be directed, specifying the powers of the directors or managers.
7. The amount and form of dividing profits or losses.
9. The part of the profits reserved to founders' shares and how to be received.
10. In what cases the winding-up of the corporation is to take place before the time fixed for its expiration.
11. The basis for the liquidation and how the liquidators shall be chosen, if they have not been appointed beforehand.
12. The proof of the value attributed to the securities, goods or chattels, personal or real property which may have been contributed by one or more of the organizers.

Explanation of Foregoing Requisites.

NAME OF CORPORATION.

After the name of the corporation the words, Sociedad Anonima or the abbreviation, S. A. (equivalent to limited) must always be added.

The name or names of the organizers must not figure in the denomination of the corporation, else the organizer or organizers whose name or names so figure will be held personally and jointly liable for the obligations of the company. For example: Friedman-Shelby Shoe Company, S. A. If Friedman and Shelby are actively interested in the corporation thus denominated, having included their names in the title they are personally and jointly responsible for the liabilities of the corporation.

The name of the corporation must be different from that of any existing corporation.

DOMICILE OF THE CORPORATION.

The founders may elect the domicile they choose, always provided it be within the

limits of the republic. The domicile may be changed by modifying the articles of incorporation on this point.

CAPITAL STOCK.

The capital stock must be divided into shares of equal value.

The capital stock must be subscribed in its entirety when the company is constituted, either by the founders or others. At least ten per cent. of the cash capital must be paid in. The founders may stipulate a time for the payment of this per cent. or for first assessment that may be agreed upon by them. In the case of organization by public subscription, shares on which assessments are to be paid at the periods they fall due will be considered as not having been subscribed.

The whole value or any part of the capital stock may consist of goods, chattels, real or personal property, shares or services contributed by one or more of the shareholders, the value of which shall be represented by non-assessable or paid-up shares.

The capital stock may be increased or decreased as may be stipulated in the articles of incorporation or by-laws. If they contain no stipulations in this respect, a general meeting in which three-fourths of the capital stock is represented may decree the increase or decrease by a unanimous vote of shareholders representing half of the capital stock. Such modifications as may be made must be reduced to a public instrument, and then registered in the Register of Commerce.

SHARES.

The articles of incorporation must state the rights, privileges and obligations of the different kinds of shares issued. If no stipulation is expressed in this respect all shares shall have equal standing. The shares or certificates for them must be signed by the number of directors specified in the by-laws and must contain the following requisites:

1. Name and domicile of the company.
2. Date of incorporation.
3. Capital stock, number of shares into which it is divided and the assessments paid.
4. The duration of the company.
5. The rights reserved to shares by the articles of incorporation or by-laws.

For nominative shares a register must be kept. This must contain the names and residences of the shareholders and the number of shares held, the calls paid, the transfers made with their respective dates or, when permitted by the by-laws, the change of nominative shares to bearer, with the date the change is effected.

The transfer of the nominative shares is made by means of a declaration to that effect in the register, signed by both parties to the contract or their respective agents on the date the transfer is effected, the number of shares deposited as guarantee by the administrators, directors and examiners.

CLASSES OF SHARES.

The shares are generally either to bearer or nominative. In case of the bankruptcy of a corporation, such nominative shareholders as may not have paid all their assessments may be required by the receiver to contribute to the extent of their liability, if necessary by the handing over of the title.

Shares are again divided into payable or assessable, paid-up or non-assessable, common and preferred.

PROHIBITION FOR CORPORATIONS TO BUY THEIR OWN SHARES.

Corporations are prohibited from purchasing their own shares, except in the following cases:

1. When fully paid-up shares are pur-

chased with the authorization of a general meeting and with profits belonging to the reserve fund.

2. When the purchase is made by virtue of an authorization already provided in the by-laws.

3. When the purchase is made with the capital of the corporation, complying with all the formalities prescribed for the reduction of the capital stock.

Shares purchased in the first mentioned case have no representation at general meeting, and cannot be computed in making up the majorities referred to in the by-laws. The titles of shares purchased in the last two mentioned cases shall be cancelled.

Purchases made in spite of above prohibition are not ipse facto void unless bad faith is shown on the part of the vendor, but the directors or managers responsible for them will be held liable for any loss or damage resulting to the corporation thereby, and may also be criminally accountable.

Corporations cannot make loans on their own shares.

ADMINISTRATION.

The management of corporations is temporary and revokable. Shareholders holding such trust shall be considered as agents.

MANAGERS.

The management of corporations is entrusted to a board of directors and one or more managers. Corporations may appoint consulting committees outside of their domicile.

BOARD OF DIRECTORS.

All members of the board of directors shall be elected by a general meeting of stockholders; nevertheless, the first time they may be named in the articles of incorporations. They may be re-elected as otherwise stipulated.

Vacancies in the board of directors shall be filled as prescribed in the by-laws of the corporation.

The position of member of the board of directors is personal and cannot be delegated.

DEPOSIT OF SHARES.

The members of the board of directors must deposit with the corporation, during their term of office, a certain number of shares as security for the performance of their duties. The by-laws shall designate in all cases the number of such shares.

POWERS.

These should be specified in the articles of incorporation. The law gives the board ample powers to carry out any and all contracts according to the nature and object of the corporation, unless restricted by the articles of incorporation or by-laws.

RESPONSIBILITY OF THE DIRECTORS.

They cannot be made personally liable, as to third parties with reference to any contract made in the name of the company. To the corporation they are responsible as its agents. For any responsibility incurred, however, they can only be called to account through a general meeting or by the person appointed for the purpose by such meeting.

MANAGERS.

The management of the affairs of the corporation as well as its representation in everything relative thereto, shall be intrusted to one or more general managers, whose appointment, dismissal and duties shall be prescribed in the by-laws. It is advisable to especially confer upon them the right to represent the company before the courts.

The responsibility of such agents is regulated by the ordinary principles of law.

CONSULTING COMMITTEES.

These will have the powers conferred on them by the articles of incorporation or by-laws. The law does not require their appointment.

Supervision.

The supervision over the affairs of corporations shall be entrusted to one or more shareholders, styled examiners, and who, before entering upon the discharge of their duties, must deposit the number of shares prescribed by the by-laws.

The examiners shall be named in a general meeting; nevertheless, the first time they may be designated in the articles of incorporation. Notwithstanding any stipulation to the contrary, the examiners shall always be eligible for re-election and their trust revocable.

The vacancies in the office of examiners shall be filled in the manner prescribed by the by-laws, but always by election at a general meeting.

POWERS AND DUTIES OF EXAMINERS.

The examiners have an unlimited right of supervision over the operation of the corporation. Whenever they may desire, they shall be permitted to examine the books, correspondence, minutes, and, in general, all the documents and papers of the corporation; in consequence, the shareholders cannot exercise these powers independently. The directors shall deliver to them every year the general balance sheet for verification and the examiner shall present to the meeting the result of their labors with any proposals which

they may deem fit, accompanied by the necessary explanations and demonstrations.

THEIR RESPONSIBILITY.

The responsibility of the examiners is regulated in the same manner as that of the board of directors.

Meetings.

A general meeting of shareholders has the most ample power to carry into effect and ratify all the acts of the corporation. Such meeting, unless otherwise prescribed, has the right to amend the by-laws of the corporation.

Meetings are ordinary and extraordinary.

ORDINARY SHAREHOLDERS' MEETINGS.

Ordinary meetings shall be held annually after the termination of the corporative year. The following matters shall be in order at the general ordinary meetings:

1. To discuss, approve, or modify the general balance sheet, after hearing the report of the examiners.
2. To elect the members of the board of directors that are to serve.
3. To elect examiners.
4. To determine the remuneration to be paid to the members of the board of directors and to the examiners, if not prescribed in the by-laws.
5. Any other business indicated in the call for the meeting.

CALLS.

The call for meetings shall be made by the board of directors or the examiners, by publishing in the official journal of the state, district or territory in which the company may have its domicile an advertisement to that effect. This notice must contain the order of the day.

SPECIAL MEETINGS.

The call for special meetings is made as for the ordinary ones, by the board with at least one month's notice. Also on the petition of shareholders representing no less than a third of the special said petition to contain the points to be discussed and voted upon.

QUORUM.

To constitute a quorum more than half of the capital stock must be represented. If there should be less, the call will be repeated and the meeting held no matter what number of shares may be represented. Unless the articles of incorporation or the by-laws provide otherwise, the representation of three-fourths of the capital stock and the unanimous vote of shareholders representing half of the capital stock, shall be necessary to pass the following resolutions:

1. Dissolution of the corporation before the time prescribed, except in case of the loss of half of the capital stock.
2. To extend its duration.
3. To consolidate with other corporations.
4. To reduce its capital stock.
5. To increase its capital stock.
6. To change the object of the corporation.
7. Any other modification of the articles of incorporation or of the by-laws.

MINUTES.

The minutes of the general meetings shall be recovered in duplicate and to one of the copies a list of shareholders present with the number of shares and votes represented by each, shall be attached.

MINUTE BOOKS.

In the minute books, which each company shall keep, treating of general meetings, shall be expressed: the respective date, those present, the number of shares which each person represents, the number of votes which he may make use of, the resolutions which may be passed which must be recorded to the latter; and when the voting is not by ayes and nays, the votes cast, care being taken to record everything which may conduce to a complete knowledge of what was resolved.

When the minutes refer to directors' meetings there shall be entered: the date, the names of those present and an account of the resolutions passed. These shall be signed by the persons designated in the by-laws.

VOTES.

The number of votes to which shareholders are entitled, as well as the manner of computing them, shall be determined by the by-laws. The resolutions adopted at general meetings must be passed by at least an absolute majority of the votes of the shares that can be computed.

Members of the board of directors cannot vote:

1. To approve the accounts.
2. On resolutions that affect their personal responsibility.

GENERAL RIGHTS OF SHAREHOLDERS.

The shareholders cannot examine the books and papers of the company, that being reserved to the examiners. At the general meetings they may be represented by attorney, as the by-laws may provide. The members of the board of directors cannot hold such representation.

DIVIDENDS.

Corporations cannot distribute to their shareholders more profits than those appearing in the general balance sheet as having been obtained for their benefit; nevertheless it may be stipulated in the by-laws or articles of incorporation that the shares, during a period not to exceed five years, shall draw a rate of interest not exceeding six per cent. per annum. In that case the amount of such interest shall be considered as forming part of the expenses of the organization. Shareholders shall never be obliged to return any dividends that may have been received.

RESERVE FUND.

From the net profits of the corporation there must be set aside yearly a portion, which shall not be less than five per cent. thereof, to constitute the reserve fund, until it aggregates at least one-fifth of the capital stock.

The reserve fund must be re-formed in the same manner whenever it may, through whatever cause, be diminished.

DISSOLUTION OF CORPORATIONS.

Corporations may be dissolved:

1. By the consent of the shareholders, as before explained.
2. By the expiration of the period for which they were established.
3. By reason of the loss of half of their capital stock, whenever the dissolution is approved at a general meeting, by vote of at least a majority of the shareholders representing half of the capital stock.
4. By the bankruptcy of the corporation, legally declared.

LIQUIDATION OF CORPORATIONS.

When the dissolution of a corporation is determined upon at a meeting, the appointment of liquidators shall be made and if that is not done, the judicial authority shall appoint them when requested to do so.

The appointment of liquidators terminates

the trust and duties of the directors of the corporation. The latter shall nevertheless lend their aid to the liquidators whenever they are requested to do so.

The accounts of the directors, during the period comprised from the date of the last balance sheet approved by a meeting and the opening of the liquidation, shall be presented to the liquidators for their approval.

When one or more directors are appointed liquidators, the accounts referred to in the foregoing paragraph shall be published in two or more newspapers of the domicile of the corporation, with the final balance sheet of the liquidation; but if the latter comprises a period beyond the corporation year, the accounts mentioned must be annexed to the first balance sheet that the liquidators shall present to a general meeting of the shareholders.

If the liquidation lasts a year, the liquidators shall make up the annual balance sheet, in conformity with the prescriptions of the law and the by-laws.

On the termination of the liquidation, the liquidators must make out the first balance sheet, stating the portion which corresponds to each share in the distribution of the capital stock, and such balance sheet shall be published for thirty consecutive days in one or more newspapers issued at the domicile of the corporation. The shareholders within fifteen days after the last publication therefore must present their claims to the liquidators. These shall be passed upon at a meeting to be called for that purpose, by a majority of votes, each share to have one vote. After the expiration of the time mentioned, whether there have been no claims presented, or whether they have been acted on by the meeting, the final balance sheet shall be considered as approved, the responsibility of the liquidators to remain in force as to the distribution of the capital stock.

DISTRIBUTION OF ASSETS.

The amounts belonging to the shareholders that are not demanded within two months after the day when the balance sheet is approved shall be deposited in any banking institution to the credit and in the name of the shareholders, if the share is nominal, or to the number of the shares, if to bearer. Such amounts shall be paid by the banking institution wherein the deposit may have been made to the person named, or to the bearer of the share.

TAXES.

When the articles of incorporation are completed, the notary, for account of the organizers, pays the imposts; which are:

1. Stamp tax on the capital stock, and
2. Stamp tax on the protocol and certified copy of the articles of incorporation.

The tax on the capital stock is as follows:

Up to $500,000, on each $1,000 or fraction thereof, $1.

From $500,000 to $1,000,000 or fraction thereof, $0.50.

Over $1,000,000, each $1,000 or fraction thereof, $0.10.

The register in which the articles of Incorporation are preserved is stamped at the rate of $1 per sheet, as also the certified copy issued for registry.

The by-laws, when protocolized, are stamped at the rate of $2 per sheet.

There is no annual tax on the capital stock.

CERTIFIED COPY.

The imposts being paid, the notary issues the certified copy above referred to showing that the corporation has been legally constituted.

REGISTRY.

The aforesaid certified copy is presented to the commercial section of the public registry, at the place where the incorporation was effected. The register inscribes the articles of incorporation in the book designed for that purpose and returns the certified copy with the proper annotation.

The registry involves no expense. The office is public and these inscriptions may, therefore, be consulted at all times, for the purpose of obtaining data regarding any corporation or partnership.

Any change in a company or dissolution must also be inscribed as also the naming or removal of the company.

Neglect to register produces the following effects:

1. The company has no legal standing, and cannot, therefore, sue for the fulfillment of its contracts.
2. In case of bankruptcy this well be presumed fraudulent, and, unless the administrators are able to prove the contrary, they will be liable to imprisonment and debarred from exercising commerce.

With the certificate of the registry office the legal constitution of the company is completed.

Second Form of Organization.

The second manner of organizing a corporation is to formulate a program to be signed by the initiators. This program must contain in full the projected by-laws of the proposed corporation, with such explanations as may be deemed expedient; the amount of the capital to be paid in, which in no case

must be less than ten per cent.; besides, if any portion of the capital is represented by other values than cash, this must be duly proven by certificates given by experts. This program must be made public.

The next step is to obtain the subscription of the capital stock, which must be fully subscribed and the aforementioned ten per cent. of the portion to be contributed in cash, paid in, viz., deposited in a banking or mercantile house. If all, or any portion of the capital stock is represented by other values than cash, these shall be represented by fully paid up, i. e., free shares.

The subscription of shares may be taken on one or more copies of the prospectus, and subscribers must indicate their name, surname, firm name and domicile, number of shares subscribed, date of subscription and an express declaration on the part of the party subscribing that the contents of the proposed by-laws are fully known to him and that he accepts them. This declaration must be attested by two witnesses. The funds deposited by subscribers shall be at the order of the administrators of the company, that may be named by the shareholders at the first general meeting.

After the capital stock has been subscribed, and the deposit referred to has been made, a general meeting of stockholders shall be called. The meeting shall transact the following business:

(1.) Examine and approve the assessments required by the founders, as well as the value at which may have been estimated the titles, goods, personal and real property that one or more shareholders may have contributed to the corporation, those thus contributing not having the right to vote.

(2). Discussion and approbation of the by-laws.

(3.) Agreement as to the participation the founders may have reserved to themselves in the profits.

(4.) Naming of the administrators and examiners that are to hold office for the term fixed in the by-laws.

The minutes of this meeting, signed by all the shareholders present thereat with a sheet annexed showing the number of shares represented by each, also signed, are then delivered to a notary for protocolization, with the respective by-laws.

These latter must contain the requisites already specified in the treating of the organization of companies under the first form.

Books and Accounts.

Besides the minute books, already mentioned, the corporation, as all merchants, must keep a set of books, consisting of the inventory or balance book, journal and ledger. In case sales are made, a stamped sales-book must also be kept, as well as a stamped book for all bills over twenty pesos, with a stub which must show that the proper stamps have been attached to the respective bills (five cents for each ten dollars or fraction thereof).

These books must be kept in Spanish and according to the rules of scientific bookkeeping universally accepted.

The fact of the merchant being a foreigner does not relieve him of the obligation of keeping his books in that language, under penalty of fifty dollars to $300 pesos and expenses of translating the books, but as he need not keep them personally, that is in no way a difficulty.

The aforementioned books must before opening be presented to the stamp office for authorization. This office adheres and cancels the necessary stamps on the first page of each book, the quota being five cents per leaf, except for the sales-book, which pays one cent per leaf.

PRESIDENT ELECTED IN COLOMBIA

CARLOS E. RESTREPO, Vice-President of the House of Representatives, has been elected President of the Republic of Colombia.

He succeeds General R. Gonzales Valencia, who was chosen to fill the unexpired term of President Rafael Reyes after the latter left the country. The elections were conducted quietly. General Gonzales Valencia was elected first presidential substitute and Dr. Jose Vicente Moncha, Colombian minister to France, second substitute. The new President is from the department of Antioquia.

NATIONS OF THE WORLD SELECT THE ENVOYS WHO WILL REPRESENT THEM AT THE CENTENNIAL OF MEXICO'S INDEPENDENCE

ALL the nations with which Mexico maintains diplomatic relations were invited to send representatives to the celebration of the centennial of the independence of this country during the month of September, and already a number of them have named their envoys. Some will be represented at the celebration by their regular diplomatic representatives in Mexico, while others will send extraordinary ambassadors. The indications are that there will be quite a large number of them, and it will be a brilliant and cosmopolitan gathering of guests that the Mexican government will en-

SPECIAL ENVOYS WHO WILL REPRESENT THE UNITED STATES AT THE MEXICAN CENTENNIAL CELEBRATION IN SEPTEMBER

COE I. CRAWFORD
U. S. Senator from South Dakota

LEE S. OVERMAN
Senator from North Carolina

CURTIS GUILD, JR.
Former Governor of Massachusetts, Special Ambassador to the Centennial

J. SLOAT FASSETT
Congressman from New York

COL. CHARLES A. ROOK
Editor Pittsburgh Dispatch

tertain in the beautiful Cobian palace during the month of September.

Among the nations that have already named their representatives are the following:

Switzerland—Henry Perret, consul of that country in Mexico.

Venezuela—Eduardo Urdaneta, consul general in Mexico.

Honduras—Dr. Salvador Cordoba, who has also been named as minister to Mexico.

Italy—Marquis Capecce Minutoli di Bugnano.

Santo Domingo—Americo Lugo.

Austria-Hungary—Count Max Hadik de Futak, present minister to Mexico.

Cuba—Maj. Gen. Enrique Loynaz del Castrillo, who has also been named as minister to Mexico.

Japan—Baron Yasuya Uchida, ambassador to the United States; Kuni Shinge Tanaka, Tokutaro Hiraga and Souchi Takahashi.

Curtis Guild, former governor of Massachusetts, has been designated by President Taft as special ambassador to represent the United States.

The commission of nine, including three senators, three representatives and three men appointed by the president has been completed by the Presidential appointment of Judge James W. Gerard, justice of the Supreme Court of New York; Frank J. Murphy, former governor of New Jersey, and Col. Charles A. Rook, editor of the Pittsburgh Dispatch.

Representative D. J. Foster of Vermont will be the head of commission. He will leave New York for Mexico September 15 and be absent fifteen days. The rest of the delegation is as follows: Senator Simon Guggenheim of Colorado; Senator Coe I. Crawford, of South Dakota; Senator Lee S. Overman, of North Carolina; Representative J. Sloat Fassett, of New York, and Representative William M. Howard, of Georgia.

DIAZ IS RE-ELECTED

Overwhelming Victory in all the States – President's Seventh Term

GEN. PORFIRIO DIAZ, who will be eighty years old on September 13, was, on July 10 re-elected by the Electoral College as President of Mexico for a term of six years, this being the seventh time he has been chosen by the people of his country as the head of the National Government. Ramon Corral was elected Vice-President.

Reports from all the States in the Mexican Union are to the effect that in the Electoral Colleges Diaz and Corral won overwhelming victories and that no disorder of any kind occurred anywhere.

President Diaz was first elected President in 1876 to serve four years. He has been President of Mexico ever since, with the exception of four years, 1880 to 1884, when Manuel Gonzales was Chief Executive.

Until 1892 the President was chosen for four years. Since that time the term has been six years.

GENERAL NOTES

—The annual report of the Banco Nacional de Mexico for the year ended December 31, 1909, states that the net profits have amounted to \$6,833,700 (£683,337). The dividend is maintained at \$20 per ordinary share and \$15, per founder's share. An appropriation of \$200,000 was made to the reserve fund before striking net profit, bringing it up to \$18,000,000, and \$116,998 is carried over, as against \$406,490 brought into the accounts. The report states that the bank, reflecting the conditions of trade in the country, has suffered from the stagnation commencing in 1907 and not yet entirely brought to an end, and considers it a matter of congratulation that, in spite of the restriction of credit necessarily imposed during the year, there were no important failures in the country. Bills held on De-

cember 31, 1909, amounted to $21,273,200, a decrease of more than $15,000,000; deposits to $87,953,200, a decrease of more than $6,000,000, and specie to $47,204,800, decrease of $2,000,000. The decrease in deposits was caused by the fact that the cash deposited by the government on account of irrigation work has been gradually expended. The note circulation, however, of $45,507,950 showed an increase of $10,000,000, a new proof, the report states, of the confidence inspired by the National Bank of Mexico, which has been unshaken in the past, and on the increase in the present.

—The men principally interested in the Bank of Sonora have completed arrangements for the establishment at Hermosillo, Mex., of a mortgage bank with a capital of $2,000,000, Mexican currency. The new institution will open for business on January 1, 1911, and its object will be the encouragement of agricultural development along the west coast of Mexico. At the start, agencies will be established at points in the Yaqui, Mayo and Fuerte river valleys, and settlers will be given assistance in the acquisition and development of lands.

The Bank of Sonora was established at Hermosillo in 1898 through the efforts of Max Muller, now vice-president and the credit for the notable sucess of the institution is largely due to him. Up to the present time dividends of from ten to twenty per cent. annually have been paid, the disbursements to stockholders totaling $1,875,250. The bank has a capital of $1,500,000, and a reserve fund of $1,051,133.05. The amounts are in Mexican currency.

—Through Robert N. Nugent, Mexican representative, the National Surety Company of New York has entered into a contract with the Federal government of Mexico for the bonding of employees of the post office, federal telegraph and general departments of the government. The contract provides for the bonding of several thousand men. The government was represented in the transaction by the treasury department.

The National Surety Company has resources that aggregate $8,000,000 and the board of directors includes a number of the most prominent banking and financial men in the United States.

—From Torreon comes the announcement of the organization of the Investment and Discount Company, Limited, which, with a paid-up capital of $500,000, will do a regular banking business in Torreon. It will cater principally to foreign interests in this section.

The stockholders of this new institution are already identified with the Banco de la Laguna but the new bank will go after business which the Laguna bank has not up to this time had the facilities for handling, having devoted its attention principally to very large transactions.

The officers of the Investment and Discount Company, Limited, are: J. F. Brittingham, president; Luis Garza, vice-president; Praxedis de la Pena, vice-president; Lic. Pedro Torres Saldana, secretary; Mariano Hernandez, Ernesto Madero and Juan Terrazas, members of the executive board.

At the first meeting of the board immediately after the organization of the company Mauro de la Pena was elected manager of the new bank.

The bank will operate without concession and will cater principally to financial transfers from the smallest to the largest with Americans and other foreigners, much on the plan of several American banks in the republic, the rapid dispatch of exchange from Mexican into foreign money and vice versa and for the assistance and comfort of tourists and travelers.

—E. R. Frederick has been appointed cashier of the Mortgage & Loan Banking Company of Mexico City, vice L. O. Gelbke,

who resigned to accept a position with the Tabasco Plantation Company.

—Antonio G. Canalizo, one of Mexico's foremost financiers, in conjunction with the Mexican government and some of his constituents, is financing a series of railroads that, connecting with the Frisco over the International bridge at Brownsville, Texas, will give continuous interchange between New Orleans, through Houston, Texas, to Campeche, Yucatan, and connecting with the National roads of Mexico and the United railways of Yucatan. The line, or series of lines, will follow the gulf coast, touching at several important seaports, and connecting with the central lines of Mexico will provide a very short route, from New Orleans and Houston to Mexico City.

—A recent report from the Banco de Tabasco, S. A., gives the deposits of that institution at $251,635.85 and the total resources at $3,195,855.61.

—Cable advices announce the sale in London of $5,000,000 first mortgage fifty-year gold four per cent. bonds of the Kansas City, Mexico & Orient Railway Co. Sale was consummated by Arthur E. Stilwell, president of the company, and Edward Dickenson, vice-president and general manager. The purchaser is a syndicate of prominent English brokers.

President Stilwell is stated as saying that the sale of these bonds will result in the early completion of the extension from San Angelo to Del Rio, Texas, linking the southern end of the Orient line with the Mexican National Railway, thus giving the former a direct through connection between Kansas City and Mexico City. The route so completed will have a mileage equal to the shortest existing route between those two points, and shorter than several competing lines. The railway will also be pushed southwest from San Angelo, Texas, to connect with the track east of the Conchos river in Mexico, so as to bring the main line into Chihuahua, where it will tap the north and south lines of the Mexican Central.

In the United States the Kansas City, Mexico & Orient Railway Co. has already completed 510 miles of line from Wichita, Kansas, south to San Angelo, Texas, and is operating trains over this section and into Kansas City, Mo., by traffic agreement with the Missouri Pacific. In Mexico 368 miles of the road are completed, making a total of 878 miles in operation at the present time.

The company's bonds are listed on the London Stock Exchange and consideration is being given the matter of an early listing of the company's bonds and stock on the New York Stock Exchange.

—The Banco Mercantil de Monterey of Monterey N. Leon, Mexico, reports total resources of $14,741,259.14, a capital of $2,500,000, a reserve fund of $251,239.06 and deposits of $2,184,812.30.

NEW ENGRAVING BUILDING

Government Notes to be Printed in a Fine Structure

PLANS have been completed by the supervising architect of the Treasury for the new building for the Bureau of Engraving and Printing which is to cost $1,750,000. The building is to be 850 feet long, four stories in height, classic in style of architecture and is to be constructed on the site of the present building, which will be absorbed as the work progresses.

A HAZING OF BANKERS

ACCORDING to the New York "Times" of July 21, a banker who read the story of the mock arrest of ex-Vice President Fairbanks by the National Association of Advertising Men in Omaha on July 19 told an amusing story, up to this time kept very quiet in Wall Street, of the somewhat similar joke played upon a number of Northern bankers, including one well-known officer of this city, at a recent convention of the Bankers' Association of a Southern State. There was a banquet, and between courses vaudeville acts were introduced, one of which, by prearrangement, was rather risque. Just at this point in the entertainment the police force of the city in which the convention was held broke into the banqueting hall and put everybody it could catch under arrest, including the New York banker, who was only seized after an exciting chase up an alley. The prisoners were conveyed to police headquarters, and according to the story, later taken to court and fined a substantial sum, telegrams having been sent in the meantime to the banking friends of the Northern men captured, relating how people presumably masquerading under their names had been arrested and asking trustworthy information as to their whereabouts. Following the court proceeding the joke was disclosed, but it is understood that it required some days of perspective before it was altogether relished by some of those involved.

BANKING PUBLICITY

Conducted by T. D. MacGregor

BANK ADVERTISING AND ITS EDUCATIONAL VALUE

By George R. Glendining, Manager Banker and Tradesman, Boston

BANK advertising, particularly in its educational phase, is rapidly becoming a very important factor in the commercial advancement of this country. Through it the banks are coming into closer touch with the masses of the people, telling them what the banks can do for them, and learning in return the needs of the people.

There was a time when advertising was considered beneath the dignity of a bank. Likewise there was a time when banks did not care for the small man's business and made little or no effort to reach the mass of the people. Coincident with the change in the latter attitude came a change in the former. It was found that the small man might be helped to make himself a big man, and also that advertising could be both dignified and effective.

New banking methods, keener competition, the introduction of adding machines and other time and labor-saving devices, all had a tendency to change the banker's attitude toward the desirability of small accounts. It was, however, one thing to desire this enlarged scope for the banks and quite another thing to get it. It was a revelation to many bankers to find that there were people, perhaps in their own immediate vicinity, whose failure to do business with the bank was due either to a total ignorance of the advantages of a bank account, or to some unjust suspicion as to the stability of the institution. These conditions showed the banker the need of educational advertising, and he, as a class, has taken up the study of the matter carefully. Wonderfully effective campaigns of educational bank advertising are now being carried on. Some of the advertising is crude, much of it is too general, but in the aggregate it is doing great work.

Through their advertising the banks are now telling fundamental facts—what a bank is, what it does, how it does it, how its funds are safeguarded, and so on, and they are overcoming both the ignorance and the suspicion.

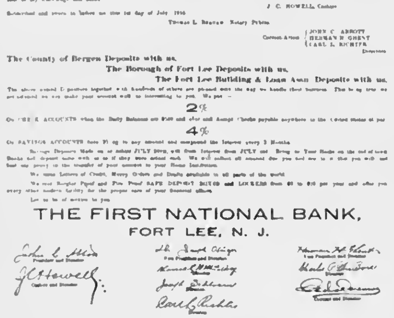
Savings Banks Accomplishing Wonders.

Savings banks in particular are accomplishing wonders through advertising, not only for themselves, but for the communities they serve. They are telling people why they should save, how the banks can help them to save, what wonders are accomplished by compound interest, and how much better it is to have money drawing a sure rate of interest in a savings bank than it is to trust it to the uncertainties of mining schemes.

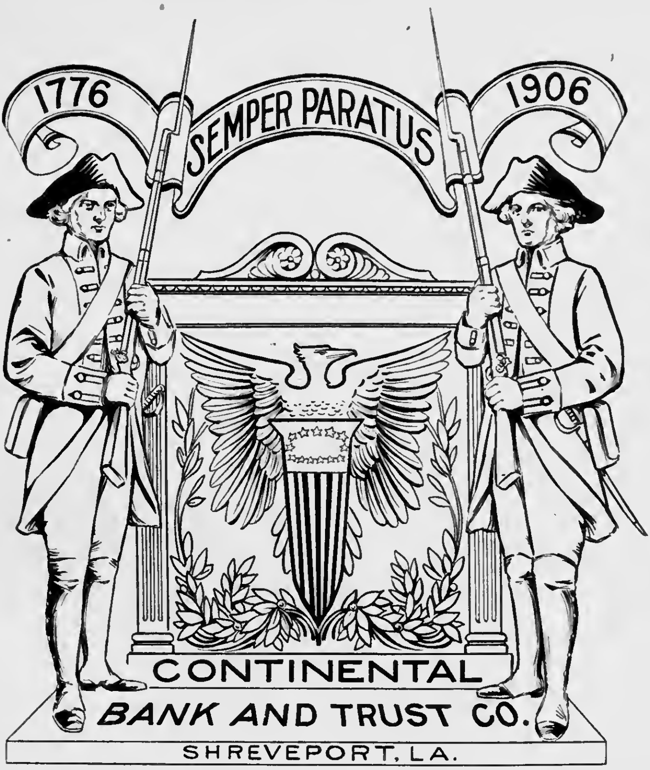
The savings banks are investing the money deposited with them in the community in which the depositors live, and by advertising that fact are creating confidence in the banks on the part of the depositors. They are aiding real estate by advertising their willingness to make loans for the development of homes and business sites, and many of them are further advertising their communities by letters to manufacturers who may be seeking locations for new plants.

Many savings banks, in their advertising, are boldly outlining the conditions under which they will make loans, and in this way are saving many a man from the clutches of loan and mortgage sharks.

In thousands of factories the envelopes in which the men receive their pay have a savings bank advertisement on them, urging each man, at this opportune moment, to save part of his pay. The advertisement also tells him that the bank will be open that evening for a few hours for his particular benefit. Statistics from manufacturing towns show that this form of advertising has brought to the banks many of the foreign workmen who formerly sent their savings back to the old country.



Sent out with Sunday newspaper



An excellent emblem

Savings banks are inherently mutual or semi-charitable institutions, and this educational advertising constitutes a real public service.

Use of Travelers' Cheques.

Until this educational advertising was started there was little general knowledge or use of the travelers' cheques issued by banks. Now banks all over the country issue them and tell people through their advertising of their convenience and safety. As the vacation and general travel season approaches live bank managers put out live copy on this subject with excellent results.

Likewise, at the holiday season, many banks advertise a supply of "holiday gold" and "new money," and in that way bring people into the bank who have never used the bank before, but who may be cultivated into good customers.

Banks With Specialties.

Many banks are so located, either through design or circumstance, as to enable them to draw business from some particular line of industry, and they design their advertising to that end. For instance, banks located in or near a wholesale leather or wool district advertise facilities that are designed to meet the needs of the leather or wool merchant. The officers of such a bank study the needs and conditions of the leather or wool trades and fit themselves to be competent judges of the accommodations that may be demanded. They also keep in touch with trade conditions and are frequently able to give their customers valuable advice. All of these points make strong and effective advertising.

Advertising of this sort essentially sounds a personal note and tends to introduce a close personal element into the relations between bank officer and customer, that is very valuable to both. It was once rather difficult, for all but a favored few, to get an interview with one of the higher officials of a bank. Today the spirit is different, and in nearly every bank the officers are accessible to everyone. This fact is advertised in a dignified way, and people are urged to consult the officers on matters even relating to personal finances. Again, through advertising, the small depositor is made to feel that he is welcome, and that the bank is as interested as he is in making his account grow, and will aid him in every reasonable way.

Value of Special Audits.

Of comparatively recent development is the idea of having special and independent

audits made, showing the condition of a bank in detail. These audits attain the acme of value when used as the basis of an advertisement, which sets forth not only the result of the audit, but also the fact that the audit itself is another guarantee that the bank is keeping faith with its depositors.

Advertising Safe-Deposit Vaults.

The remarkable development of the safe-deposit business is due largely to advertising. People have been told all about the perfect protection afforded by the modern safe-deposit vault, with its steel and concrete walls, time locks, electric devices, etc.; they have been shown at what a low cost the safety of valuable papers, jewels and the like can be assured; and they have responded in such numbers that this branch of the banking business, despite its tremendous initial cost, is wonderfully profitable.

Advertising's Highest Phase.

In its connection with banking, advertising has reached one of its highest and most effective phases, and the banks, through its influence, are attaining a means of getting in touch with the lives of the large majority of the people in this great country.

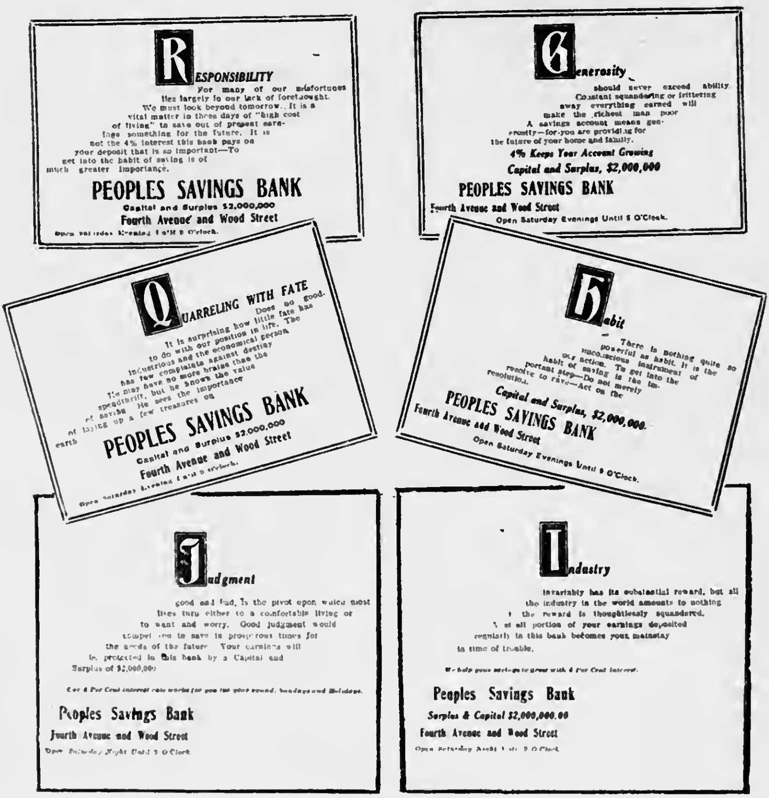
A SUCCESSFUL BANK ADVERTISEMENT

HOW, BY THE USE OF A PECULIAR SET-UP, STRONG, RESULT-PULLING NEWSPAPER COPY WAS PRODUCED

By G. P. Blackiston, Advertising Manager of The People's Savings Bank, Pittsburgh, Pa.

THE necessity for bank advertising is as great as in any other line of commerce, and to reach the class of people desired by savings banks, continuous publicity is essential. But this campaign must be varied greatly from time to time in order to attract attention.

The mission of the savings bank is a cred-



A distinctive style

QUICKER CANADA COLLECTIONS

YOU can greatly facilitate your Canada collections by sending them to this bank direct instead of through your local bank.

This method may save you several days' time. Through our 111 branch offices we maintain a thoroughly organized Collections Department, where American business is attended to with promptness and dispatch.

We are in close touch with every town of importance in the Dominion. Our local managers are personally acquainted with the business men in their vicinities. Any special instructions regarding collections are carried out to the letter. American clients will find our service prompt and satisfactory in every respect.

A list of our branch offices with our last half-yearly statement mailed on request.

225

Address the General Manager

The TRADERS BANK of CANADA
HEAD OFFICE TORONTO
BRANCHES THROUGHOUT THE DOMINION

Real Advertising

itable one. It endeavors, in particular, to reach the working man and encourage him to systematic saving and thrift. The functions performed by different savings banks are usually identical. There is lacking the "something new" of other lines of modern business which is the life of successful advertising. Therefore, the only profitable manner of advertising a bank's capacities in their limited number of departments is to use the same themes, but dress them, as it were, in new gowns at reasonable intervals. This is to attract attention, and is the only successful method left to the progressive banking houses.

Among the most successful newspaper advertising done by any bank is that produced by the People's Savings Bank of Pittsburgh, one of the most progressive institutions in the country. This bank is a regular advertiser in magazines and local newspapers, and never is a piece of copy published that is not "different."

The functions performed by this bank, while always the same, are yet clothed differently and distinctively, the advertisements being always interesting. The present series of advertisements being used by this bank gains success in a peculiar set-up of the type, accompanied by absorbing terse copy. The oddity of the composition and the strong, to-the-point copy attracts the reader's attention, commands thought and gives a word of timely advice to those who have not fallen into the saving habit.

HOW BANKS ARE ADVERTISING

—The Old Colony Trust Co. of Boston, is supplying its customers with a telephone directory cover which is a handsome and useful addition to any desk.

NATIONAL BANKS ORGANIZED

DURING the month of June, 1910, thirty-four applications to organized national banks were received. Of the applications pending, twenty-six were approved and three rejected. In the same month forty banks, with total capital of $2,640,000, were authorized to begin business, of which number twenty-nine, with capital of $790,000 had individual capital of less than $50,000, and eleven with capital of $1,850,000, individual capital of $50,000 or over.

The total number of national banks organized is 9,803, of which 2,633 have discontinued business, leaving in existence at present 7,170 banks, with authorized capital of $1,000,070,135, and circulation outstanding secured by bonds $685,517,013.

The total amount of national bank circulation outstanding is $713,450,733, of which $27,913,720 is covered by lawful money of a like amount deposited with the treasurer of the United States on account of liquidating and insolvent national banks and associations which have reduced their circulation.

SAN FRANCISCO'S NOTABLE NEW BANK BUILDINGS

By Horatio F. Stoll

SAN FRANCISCO, on April 18, celebrated the fourth anniversary of her great fire. In those years that have elapsed, a wonderful transformation has been wrought in the "burned district." rebuild, and sprinkling the financial sections themselves with an array of architectural gems of which any city might well be proud.

With but few exceptions, the bank build-

"Bankers' Corner" at the intersection of Market, Post and Montgomery Streets

Practically all the banking institutions are now permanently located in handsome new structures and an era of prosperity has set in that is very gratifying to bankers generally.

The banks of San Francisco have played a very important part in the rehabilitation of the burned district, loaning vast sums of money to enable property owners to

ings erected immediately after the fire were skyscrapers. Office buildings were scarce and proved a good investment. There were thousands of desirable tenants anxious to get downtown again and suitable quarters were almost at a premium.

But times have changed during the past two years. The building activities have been remarkable and as a result there are

many towering structures that are far from filled. In fact, sunny rooms can be reasonably rented in the most desirable locations.

This marked change in conditions may account to a great extent for the tendency of the banks, which were slow in rebuilding, to limit the height of their new edifices to a story or two. The effect is certainly more impressive, for the lines of the building can be made more harmonious, the materials used more costly, the lighting better arranged, and the attention of the passers-by riveted on the sole occupants instead of being diverted by the glittering signs of a variety of tenants engaged in different lines of business. Market street, the city's main artery of traffic, is flanked with notable bank buildings and despite the great value of every front foot, three important financial institutions have added one-story granite temples that are sure to attract the attention of the visitor.

First National Bank Building

The first to be ready for occupancy is the home of the Anglo and London Paris National Bank, which stands at the intersection of Market, Sansome and Sutter streets. It is a model of comfort and elegance and was planned by Albert Pissis, the dean of San Francisco's architects, who is responsible for many of her new bank buildings.

The lot occupied by the bank premises is one hundred and twenty-two feet six inches on Sutter and forty-six feet ten inches on Sansome street. The excavations were begun in May, 1909, and the building has been pushed to completion as rapidly as the quality of the work permitted. The exterior is of finely cut white granite, the treatment being very effective. The Sutter street front is an arcaded colonnade, while the Sansome street entrance takes the form of one large arch flanked by two detached Doric columns that are fluted and mono-

lithic. The cornice is richly decorated and the building is topped with a balustrade.

The entire first floor is occupied by the banking room which is thirty-six feet high, with vaulted sides and paneled ceiling. It is decorated with stucco and tinted in a soft gray tone, the effect being greatly enhanced by bronze light fixtures suspended from the ceiling and from the side wall. Two large vaults, faced with Escalette marble, occupy the rear of the banking room.

The main floor is devoted to the public lobby, the different tellers, the management of the bank and the private offices. A mezzanine floor over the rear portion contains several services, such as the city collections, clearing-house department, telephone and pneumatic tube service.

The counters are of Escalette marble, the upper part being a bronze colonnade with the necessary wickets. The check desks and benches in the lobby are marble with bronze supports and the floor is of white marble, with colored border, all inlaid with bronze.

An automatic elevator and stairs lead to the attic story concealed behind the balustrade. Here are located the director's room, private offices, and the book-keeping department which is provided with a fireproof vault.

French Savings Bank and Temporary Home of the Savings and Loan Society

The eastern portion of the basement is occupied by the safe deposit department, equipped with the most modern appliances. Its entrance is from the main banking room by a spacious stairs and special elevator. The walls of the entire safe deposit department are lined with light pink Tennessee marble and the 3,000 boxes and ceiling of the large safe deposit vault are decorated with figured nickel-plated steel. A vault is also provided for the storage of trunks and packages. The booths, for the convenience of patrons, are under the sidewalk area, thus insuring an abundance of light.

In the designing and construction of the new building of the Anglo and London

Yokohama Specie Bank, Sansome and Commercial Streets

Paris National Bank, which was opened for business on April 25, no care, attention or expense has been spared by Mr. Pissis to make it one of the most notable and commodious banking establishments in the country.

Massive granite blocks are rapidly covering the steel frame of the monumental structure that is being erected at the northeast corner of Grant avenue and O'Farrell street. It will house two of the oldest savings banks which have just arranged an amalgamation—the Savings and Loan Society, which has had an uninterrupted financial existence of fifty-three years, and the Savings Union Bank of San Francisco (name recently changed from San Francisco Savings Union), the first institution incorporated under a banking law in this state.

Both banks already have the finest standing and financial position. The Savings Union Bank has a paid-up capital of $1,000,000, with a surplus of nearly $1,300,000 and deposits of more than $24,000,000. The Savings and Loan has a paid-up capital of $1,000,000, with a surplus of $150,000 and deposits of more than $5,000,000. These amounts combined in the new organization will make it one of the richest institutions of its kind in the west.

The Savings Union Bank of San Francisco, during the forty-eight years of its existence, has conducted its business in the same block in California street, between Kearny and Montgomery streets. However, since the clientele of the bank is drawn largely from the classes who are attracted to the retail trade district, it has been deemed not only a convenience to them, but a question of business strategy to move into that district. So the valuable property at the junction of O'Farrell street and Grant avenue with Market street was secured and the work on the construction of the handsome new building was begun in November last. It will be finished during the present year and will be devoted solely to the business of the Savings Union Bank in its banking and safe deposit departments.

Just across Grant avenue, at the corner of Market, the palatial home of the Union Trust Company is nearing completion. It is a substantial, class "A" granite building, designed by Clinton Day, and with the lot represents an investment of a million and a half dollars. However, as it has been built entirely out of the surplus funds, the bank officials do not consider it an extravagance. The interior is finished in spotless white marble and bronze work and a huge dome provides an abundance of light. The building has been under construction for a year and a half and will be ready for occupancy the first of July.

As soon as the Union Trust Company moves into its new home the Wells Fargo Nevada National Bank will complete the restoration of the first floor of its building which it has been sharing with the former

institution since the fire. Everything is in readiness and the changes will shortly be accomplished. The elaborate plaster work on the ceiling has been done and the walls and columns are in readiness for the marble that is to be added. The Wells Fargo Nevada National Building was gutted by the disastrous fire of 1906 and the total cost of rehabilitation, it is estimated, will reach about $300,000.

Italian Popular Bank, Washington and Montgomery Streets

"Bankers' Corner."

This bank stands at "Bankers' Corner," at the junction of Market, Post and Montgomery streets, and is one of the constellation of notable skyscrapers that presents an inspiring sight to the visitor as he looks down Montgomery street from Sutter. The Wells Fargo Nevada National and the First National Bank loom up impressively in the foreground. To the right, just beyond, is the ten-story Crocker National Bank and across Market street is the home of the fourteen-story Metropolis Trust and Savings Bank. The $8,000,000 Palace Hotel, eight stories in height, completes the picture.

This is naturally one of the busiest centers of San Francisco and proved an excellent point of vantage on the day of the great Portola Parade last October, when the city was thronged with hundreds of thousands of strangers. A photographer, who stationed himself a block below, snapped the leading features of the spectacular pageant with the Crocker National Bank as a background. When his views were put on sale, Mr. John Cunningham, the clever manager of the deposit vaults of the Crocker National Bank, was delighted to find that he could utilize to advantage in his advertising one particular scene showing a monster

Union Trust Company, Grant Avenue and Market Street

American flag practically covering the street in front of the bank. It was purely an accidental snap, but if it had been carefully planned by the photographer the result could not have been better.

The flag measured one hundred feet in length by forty feet in width and was carried by 150 men. It was made by a young lady in Newark, N. J., and is said to contain a stitch for each enlisted man in the American Army during the Spanish-American War. The Portola Committee secured the flag as a feature of the parade through the combined efforts of the San Francisco Press, by furnishing a heavy bond for its safe return.

The use of the American flag in advertising, as a rule, seems cheap and almost a desecration, but in this case, depicting a scene from the most elaborate parade ever seen in San Francisco, it does not offend one's taste to see it supplementing advertising in the papers and magazines and on the letter heads and envelopes of the bank. Mr. Cunningham has coined the happy phrase, "the acme of protection," to express the merits of the Crocker National Bank's safe deposit department and, taken in conjunction with the symbolic significance of our country's flag, the four words are fraught with meaning.

California street, from Kearny to Battery, is another financial center that is adorned with striking bank buildings.

The latest to be installed in new quarters is the German Savings and Loan Society which enjoys the distinction of having been the first after the fire to loan its money for rebuilding San Francisco. The new building, which is located on the site of the old structure, on California, between Montgomery and Kearny streets, is a steel frame class "A" structure, two stories in height, with the old front exactly reproduced. But there the similarity ends. The entrance is through a vestibule of rare Sienna marble and one of the first things that attracts your attention as you view the commodious banking rooms is the openness of the counters. With the exception of five or six cages for coin, all the counters are free from grill work. A mezzanine floor extends around two sides of the banking room which is brilliantly lighted by a dome sixty feet above the floor.

One of the prime features of a perfect bank building in San Francisco is plenty of light, for the fogs and overcast skies result in many gray days when poor light is particularly trying to the men at the books. In many cases they are forced to work with artificial light and this is bound to affect their health and efficiency.

Faulty Architecture.

In view of this fact, general surprise has been expressed that the architects of the beautiful Bank of California building, a block below the German Savings Bank, did not pay more attention to the question of

lighting. From an exterior standpoint, this massive, classic structure is the most impressive of any bank building in San Francisco. But when one enters, there is a feeling of disappointment. The huge banking room is one hundred and twelve feet long and fifty feet high. The distance from the floor to the ceiling is so great that the men and counters seem almost out of proportion. The light on a sunshiny day is only fair and the whole appearance of the banking room is that of a dimly lighted church. It seems to me that there is no excuse for this lack of proper light, as the building faces on three streets. A huge skylight or dome would have enhanced the beauty and effectiveness of the elaborate interior a hundred fold.

The Bank of California, by the way, has taken steps to enter the list of national banks and will be known as the Bank of California, National Association. It will take over $4,000,000 capital and the surplus and undivided profits which are in excess of $11,000,000 and will continue to maintain the branches of the institution in Portland, Tacoma and Seattle as well as the agency in Virginia City, Nevada.

The Mercantile Trust Company, a few doors above, which is housed in a substantial one-story granite building that was only partly destroyed by the great fire, entered on its career as a national bank on March 5, beginning business with a paid-up capital of $2,000,000. This tendency to turn commercial banks, operated under state laws, into national banks is said to be due principally to the fact that people on the Atlantic Coast understand all the methods of a national bank better than one operated at a great distance under state laws.

The San Francisco branch of the old Bank of British North America now doing business in a modest establishment on San-

Mechanics Savings Bank, Market and Mason Streets

some street, near Pine, is to have a handsome and convenient place in the splendid new Newhall building, at Battery and California. It is a ten-story steel frame structure, built to be earthquake proof as well as fireproof, and is now practically completed.

A New Bank on Fillmore Street.

The Swiss-American Bank and the Scandinavian Savings Bank closed their branches on Fillmore street at the first of the year, and transferred their business to their Market street headquarters. This move left Fillmore street, which remains a thrifty business street in the residence district, without banking facilities. The property owners and merchants in the vicinity, however, promptly organized a commercial and savings bank, known as the Bank of Commerce, with a capital of $100,000. The quarters of the Swiss-American Bank, at 1452 Fillmore street, were rented and on January 3, the bank opened for business.

It is endorsed by the Fillmore Street Improvement Association and clears through the Anglo and London Paris National Bank. The organizers feel proud of their success in launching this institution to take care of the increasing business of the Western Addition, and negotiations are being made to construct a permanent home for the bank at a convenient corner on Fillmore street.

Mr. Pissis is drawing plans for a $25,000 branch bank of the German Savings and Trust Society in the Richmond District. It will be located at Seventh and Clement streets. Ten years ago, this spot was in the midst of an idle waste of shifting sand; to-day it is the center of a populous and thrifty community. The German Savings and Loan Society also conducts a branch in the Mission district which has been ornamented by a number of new bank buildings.

A picturesque design in the Spanish Renaissance has been worked out by Crim and Scott, for the new Mission Savings Bank Building, now nearing completion, at the northeast corner of Valencia and Sixteenth streets, one of the busiest business corners in the Mission. The bank has grown to such an extent that it was necessary to enlarge its quarters, and through the optimism of the directors, a modern apartment building was planned. The bank will occupy the corner, with stores surrounding it.

This edifice is one of the handsomest mission buildings in the city. The base of the clock tower is an exact reproduction of the old Mission Dolores, one of the few notable landmarks which survived the fire. The clocks in the tower will have large, illuminated dials, and will be corrected in time and wound hourly by the Western Union Telegraph Company. It is estimated that the building, thoroughly equipped, will cost in the neighborhood of $100,000.

Foreign Bank Buildings.

The Italian population, which is confined to the North Beach district and the Latin Quarter, in the neighborhood of Telegraph

The Bank of California

Hill, is well provided with savings and commercial banks carried on by their own countrymen. They are all located on upper Montgomery street and include the Italian-American Bank, the Bank of Italy, the Columbus Savings Bank and the Italian Popular Bank. The latter is built on a triangular gore lot and looks almost as if it had been lifted bodily from some Italian city. It is a three-story, reinforced concrete building, in the florid Italian Renaissance style, lavishly ornamented with decorative tiling and bronze work. A gilded cupola, provided with a clock, and a life size bust of J. F. Fugazi, the founder, adds to the foreign atmosphere. The interior is beautifully finished in the finest Italian marble and the safe deposit department in the basement is fitted up with every modern convenience.

Another interesting foreign bank building is the San Francisco branch of the Yokohama Specie Bank, Ltd., whose principal aim is to facilitate trade between Japan and all foreign countries. With but few exceptions, the people employed in the bank are Japanese.

Passing the Crocker National Bank, "Bankers' Corner," with the American Flag on the day of the Great Portola Parade

The building, which is devoted entirely to banking purposes, is a one-story structure, situated on the corner of Commercial and Sansome streets. The main floor is one large room, sixty by eighty feet, surmounted by a large skylight, which throws a flood of light into every corner. The roof is supported by a peristyle surrounding the skylight area. The exterior is simple in the extreme. Fluted Greek columns flank the entrance, and the light cream stone portico, the bronze letters giving the name of the institution, the Pompeian colored doors and

San Francisco Savings Union at O'Farrell, Grant Avenue and Market Street

window frames, and the walls of cream colored brick are all important elements in a charming composition that is chaste yet distinctive.

Over at the southwest corner of Clay and Kearny streets is the three-story buff pressed-brick building of the Canton Bank, the first Chinese incorporated bank of deposit and checking in the world. It has an authorized capital of $300,000, a paid-up capital of $123,650 and is owned entirely by four hundred and thirty-nine Chinese. A general banking business is conducted but a specialty is made of Oriental exchange. Starting with Chinese clients in October, 1907, the patronage has extended until to-day, nearly one-half of the depositors are Caucasians. I. P. Allen, the manager, has been doing a banking business with the Chinese in San Francisco since 1871 and enjoys their complete confidence.

There are still a few important banks, like the Canadian Bank of Commerce and th Donahoe, Kelly Banking Company, that are occupying the temporary buildings erected on their old sites immediately after the fire. A few are in unpretentious quarters until definite plans are arranged. Take the Russo-Chinese Bank, for example, at 415 Montgomery street. This San Francisco agency was opened in 1904 and formerly transacted all kinds of banking business, taking deposits, etc., but since the fire it has confined its operations to buying and selling foreign exchange, principally on China and Japan and Asiatic Russia. A great number of solid banking institutions throughout the United States, Canada and Mexico avail themselves of the service of this San Francisco agency in selling their Far Eastern exchange, the amount of the annual sales reaching several million dollars.

The head office of the Russo-Chinese Bank is in St. Petersburg, the capital stock amounting to $11,707,500; reserve, $4,389,000; deposits, $26,258,000; and loans, $35,443,000. The bank has fifty-nine branches and agencies in all parts of the world, principally in Asia, as it was incorporated in Russia in December, 1895, for the especial purpose of financing the Russian trade in the countries of the Far East.

There is a movement on foot to amalgamate the Russo-Chinese Bank with the Northern Bank (also incorporated in Russia) with a joint capital stock of $25,000,000, but nothing has been decided definitely. It is said that this amalgamation, if it comes to pass, will affect the San Francisco agency in a considerable degree.

There are no longer any branch banks on Van Ness avenue, which now presents a sorry sight. A few months after it had been cleared by the flames, it became the fashionable retail shopping street with all the leading firms well represented. For two years they were glad to be accommodated by the banks that were conveniently near. But last spring, when the down town

movement became general, Van Ness was deserted and there was no longer business enough to warrant the branch banks remaining.

The broad avenue to-day is undergoing a mighty change. Beautiful club houses, costly residence hotels, pretentious buildings erected by fraternal organizations, and picturesque stone churches are taking the place of the immense wooden structures. There are still a strange array of multi-colored "auction" and "to-let" signs to be seen, but the temporary buildings, which are within the fire limits, are doomed and before long the transformation of this wide boulevard, which practically saved the Western Addition from destruction, will be promptly accomplished.

Then the rehabilitation of San Francisco will be complete and the last important reminder of our great catastrophe will have vanished.

THE CROP AND BUSINESS SITUATION

By A. B. Hepburn, President Chase National Bank, New York

DURING my recent trip west I crossed eleven states, and although not an expert, the crop conditions seemed to me to be very good indeed. The oats and wheat was practically all harvested, some in process of threshing, and some being stacked, but most of it still standing in stocks in the fields. I did not go west of the Mississippi, but am inclined to think that the crop damage, especially in the Northwest, has been largely overestimated. A committee of millers just returned to Minneapolis from a tour of inspection through Minnesota and the Dakotas, report that the money value of the crops in Minnesota, South Dakota and the Southern half of North Dakota will exceed that of any previous crops. Conditions in the Northern half of North Dakota are serious and they estimate the crop value as about one-third the average. The price of flax is $2.65 and the flax crop will go far toward making up the less upon wheat.

A conservative estimate of the crop damage places the amount at from $75,000,000 to $100,000,000. This of course is very serious and affects a staple article of export. It is most valuable in protecting our international balance of trade. The Department at Washington estimated the money value of our crops in 1909 at $8,000,000,000. Conceding a loss of $100,000,000 in the Northwest, it is but little more than one per cent. of the total value. However serious it may be to a locality, the general statement remains true that the crops of the country as a whole promise at the present time to exceed in value any previous crops produced. There is no occasion for pessimism. The condition in North Dakota is well expressed by an important business man of that locality in the following words:

If North Dakota, after nine fat years, cannot stand one lean one, then our confidences have been misplaced, and the sooner we find it out the better.

Suppose we raise forty or fifty per cent. of a crop, or say 40,000,000 bushels. In 1900 North Dakota raised 13,000,000 bushels of wheat, and as I remember, the price was between sixty-five and eighty cents. Certainly it can stand a short crop now better than it could ten years ago. Another thing you must not forget, and that is that crop conditions at this time of the year are always overestimated, either for good or bad. A big heavy stand of grain rarely yields as much as is expected, whereas a dry year like this one nearly always produces a better yield and a higher grade than appearances would indicate.

Furthermore, the half of the crop which we won't get this year is the half that would be spent for things which we do not need. Some farmers won't buy automobiles now, others will fix up the old binders and separators and be surprised to find how well they work. There won't be as many buildings built, nor as many pleasure trips taken, nor as much Canadian land or timber or mining stock sold in North Dakota, but the half of the crop which we get will stay at home. We won't raise as much oats and hay as usual, but neither will burning straw stacks light the way across the State. We will feed up the straw instead of burning it, and find that it makes pretty good feed at that.

One very fortunate feature about the present condition is the fact that our crop was injured in June instead of later in the season. If we had the crop prospects in June this year that we had last year, the 1910 crop would have been spent by this time. Farmers would have bought a lot of things that they won't buy now, and the banks would have been loaded with their paper. They if the crop had been hit in August, it would have been too late to recuperate.

That the business of the country as a whole is in good condition and profitable, is evidenced by the very large volume of business. This large volume of business is shown by the largely increased exchanges of the banks throughout the country. It is also shown by the very large demand for money which exists. The wonderful profits relaized by farmers have necessarily attracted investors and a large amount of farm land has changed hands, and a large amount of money has been withdrawn from banks and invested in real estate. The Canadian Government estimates that $100,-

000,000 from the States has been invested in Canadian lands during the last year. This is an important item in our international balance of trade and accounts largely for the money demand now existing. Farmers who have been carrying money in banks have withdrawn the same and invested it in the Dominion, and in very many instances have borrowed additional amounts for the purpose. It may be that these investments will prove profitable in the long run. I do not believe there has been any such over-speculation in real estate in the Middle and Far West as is generally believed.

I am very optimistic as to general business conditions. The one thing that is radically wrong is the wild extravagance in domestic enconomy which unquestionably exists throughout the country. This perhaps is most conspicuously evidenced by the craze for automobiles, which are expensive to buy and still more expensive to maintain. This extravagance is evidence of our every-day methods of living and indulgence at home and abroad. As a nation we have been spending for the last two years more than we earned, and as a result an international indebtedness has been piled up against us. This international indebtedness may be carried along by borrowing, but can only be settled by a trade balance in our favor, or exportation of gold.

If present conditions shall teach our people the necessity of curtailing expenditure, it will be a most wholesome and valuable lesson. The New York banks, with $50,-000,000 surplus reserve, are in good condition to meet the crop-moving demand. There is not a suggestion of crisis in the situation and there is no reason why legitimate commercial business should be in the least disturbed.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE HOME TRUST COMPANY OF NEW YORK

198 MONTAGUE STREET, BROOKLYN

ORGANIZATION of the Home Trust Company of New York was begun in the early months of 1905 and brought to a close on the fifth day of April of that year when the new institution opened for business at 184 Montague street, Brooklyn.

J. Edward Swanstrom, formerly borough president of Brooklyn, was elected as the first president. Associated with him on the official staff and the directorate, were practical level-headed business men of wealth and influence, whose connection with the new company brought to it a constantly increasing tide of new business.

In keeping with its modest pretentions and policy of conservatism, the quarters first secured for the Home Trust Company of New York were neither elaborate nor large. But the showing made during the months that immediately followed the opening day was so encouraging that the officers began their search for a new location, one that would not only be very convenient to patrons in all parts of Brooklyn, but would also permit of future growth and expansion.

New Quarters.

In 1908 the removal was made to 198 Montague street, to the building shown in the accompanying cut. Here everything is up-to-date and the location is an ideal one. In addition to a well equipped banking room for general customers, a specially appointed room with private booth has been provided for the ladies. Special courtesies are shown to them and they are made to feel at home. This department has had a remarkable growth and all because a few satisfied lady patrons have spread the gospel 'round. Mahogany of a very fine grain has been used to advantage throughout the various rooms for the counters, doors, chairs and all woodwork.

One of the special conveniences to be found in the new quarters, is the fire and burglar proof safe deposit vault, containing boxes of various sizes that can be rented for $5 a year upward. This vault has three time locks and is a product of the modern safe builders' art. Two large storage vaults have also been installed. The basement has been utilized for a meeting room for the directors. It is furnished in keeping with the style observed throughout the building.

Up to 1907, the Home Trust Company operated with a capital of $500,000 and a surplus of $250,000; after 1907 the capital was increased to $750,000. On June 30 of this year the company reported surplus

and undivided profits of $326,814.05, a reserve of $10,200 for taxes, deposits of $2,230,174.51, and total assets of $3,318,797.29.

PERSONNEL.

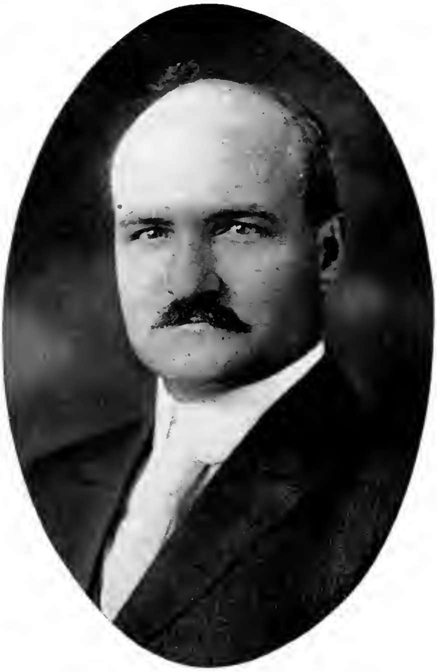
Following the election of F. E. Gunnison as president in 1908, there have been steady gains in deposits, the last report placing them at $2,350,000.

FREDERIC E. GUNNISON
President Home Trust Company of New York

Frederic E. Gunnison, president, was born in Canton, N. Y., on May 28, 1869. He was graduated from Columbia University in 1890; and the law school of New York University in 1892. He is a member of the law firm of Harris, Corwin, Gunnison & Meyers, and has had long experience in corporation law. He was the president of the New York State Gas and Electricity Commission, which made the original eighty cent gas order for New York City. He was for several terms the president of the Union League Club of Brooklyn, is a director in the East Brooklyn Savings Bank, and is connected with several other financial institutions.

William M. Calder, vice-president, was born in Brooklyn, N. Y., on March 3, 1869, and has resided there all his life. He received his education in the public schools of Brooklyn and Cooper Institute of the City of New York. He is vice-president of the Home Trust Company, of the City of New York, and a director of the Montauk Bank of Brooklyn; was a delegate to the Republican National Convention in Chicago in 1908, was appointed building commissioner of the borough of Brooklyn, January 1, 1902, and filled that office during the years of 1902 and 1903; was elected to the Fifty-ninth and Sixtieth Congresses and re-elected to the Sixty-first Congress.

James N. Brown, vice-president, is also president of the Bank of North Hempstead at Port Washington, L. I., a director in the East Brooklyn Savings Bank and other financial institutions, and is head of the



WILLIAM M. CALDER
Vice-President

JAMES N. BROWN
Vice-President

WILLIAM K. SWARTZ
Secretary

JOSEPH P. STAIR
Assistant Secretary

PHOTOS BY OLIVER LIPPINCOTT, N. Y.

Building occupied by the Home Trust Company of New York, at 198 Montague Street, Brooklyn

A View of the Public Corridor and Banking Counters

Office of the President and Secretary

Ladies' Department

Directors' Meeting Room

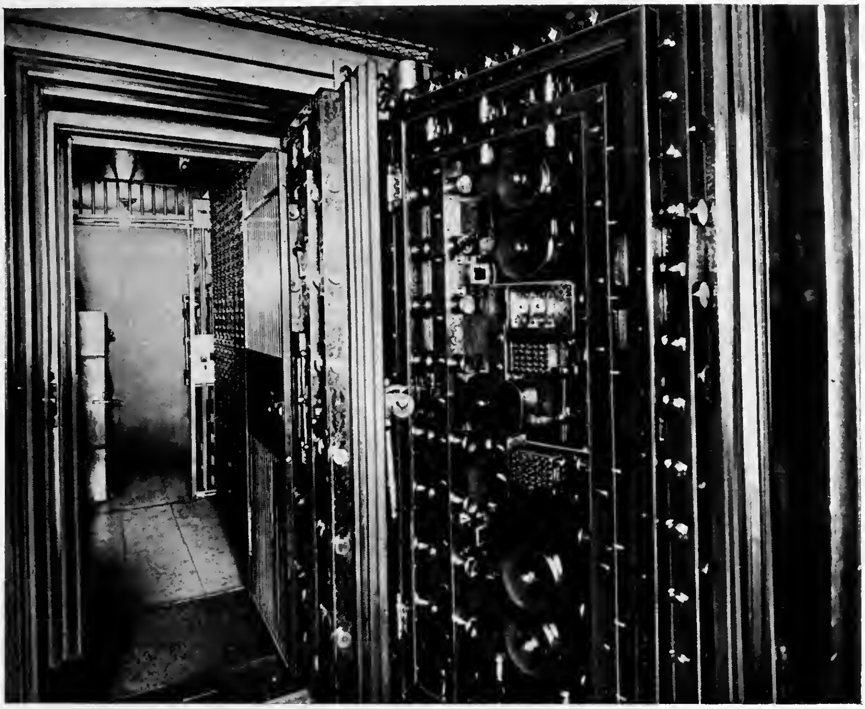
banking house of James N. Brown & Company of New York City, and a member of the New York Stock Exchange.

He has had a thorough training as a banker from his youth up, starting in an old banking house in New York City where for fifteen years he was schooled in the various departments of modern finance. He is a student of the economic questions of the day, active as a capitalist, and an old resident of Brooklyn, having been born there over fifty years ago. His interest in educational and charitable matters is in close alignment with his activity as a banker, and he has been honored in numerous financial trusts.

William K. Swartz, secretary, resigned the cashiership of the Richmond Borough National Bank at Stapleton, in March, 1907, to accept the office of assistant secretary of the Home Trust Company of New York. He has since been promoted to the position of secretary. Mr. Swartz was born in Duncannon, Pa., educated at Dickinson College, Carlisle, Pa., and afterward came to New York where he assumed a position as cashier with a Wall Street house. Later he was selected to be cashier of the First National Bank of Portage, Pa. This position he gave up to come to Staten Island. As secretary of the Home Trust Company of New York, Mr. Swartz has through his personality and executive ability made a host of friends for himself and for the institution he serves.

Joseph P. Stair, the assistant secretary of the Home Trust Company, was born and educated in Brooklyn. He was formerly connected with the National Bank of Commerce in New York, and National Shoe and Leather Bank. He started with the Home Trust Company shortly after its organization as bookkeeper, from which position he has rapidly advanced to the position which he now holds.

The Home Trust Company is a designated depository for the State of New York and the City of New York. It is also a legal depository for the United States courts in bankruptcy funds, and for court and trust funds, legal reserve funds, State banks and trust companies of the State of New York.



Vault Door and Interior

CHARLES E. ROGERSON

President Boston Safe Deposit and Trust Company, one of the Oldest Trust Companies in New England

BOSTON SAFE DEPOSIT AND TRUST COMPANY

BOSTON has made many notable additions to its banking buildings during the past few years and now stands in the front rank of American cities as to the beauty and appropriateness of the buildings erected to house its financial institutions.

The newest of these modern structures is that of the Boston Safe Deposit and Trust Company, which was opened for business July 11. The building is located on the site bounded by Franklin, Devonshire and Arch streets. In the decision to provide new quarters for the bank the conservative spirit which has always characterized the management of the company was made manifest; therefore, instead of constructing a building exclusively for the use of the bank, a ten-storied structure has been built, the upper eight stories of the building by reason of their rental providing an increasingly valuable investment for the company.

The building itself is a substantial, dignified structure, designed on lines to suggest an adaptation of the Iitalian Renaissance. The structure is carried by steel and masonry, the exterior being finished in white Dorset marble. Every modern detail has been provided for the convenience and safety of the tenants, who already practically occupy the entire available rental space of the new building.

Banking Rooms.

For the new banking rooms of the Boston Safe Deposit and Trust Company the space used is that which would ordinarily be occupied by the first two stories and basement and as the the new offices stand completed an area of 27,980 square feet is available.

Entering the main banking room directly from the street level by either of the two entrances an inspection will show an excellently proportioned room, well lighted and artistically decorated.

The general dimensions of the main banking room show that the distance between piers (across the public space) is sixty feet; height of ceiling, public space, thirty-one feet; height of ceiling under mezzanine floors, seventeen and one-half and eleven and one-half feet. The ceiling structure is carried by nine large steel girders weighing twenty-five tons each, furnishing sufficient strength to give the banking room as much protection as would be provided in a low storied building.

The excellence of the natural lighting of the room is worthy of special mention and artificial light is supplied when necessary by six finely wrought bronze chandeliers and countless special fixtures.

From the public area, the general plan of the room shows the space flanked on two sides by the bank screen of finely colored marble and golden bronze, part way over which extends the enclosed mezzanine floors. At the front and at either side of the main entrance are rooms for the president, attorney, customers and general officers. At the rear, is the special elevator to the safe deposit vault and staircase leading down.

The main features of the public space are the handsome marble tables which have been provided. These tables are beautiful pieces of workmanship. Chairs are provided for the long table, a distinct convenience not always found in banking rooms.

The main banking room receives its decorative effect from the use of several choice selections of foreign colored marbles, which have been used with excellent taste and which in connection with the soft gray and white tint of the walls and ceiling, the points of which are touched with gold, give one a pleasing impression without any feeling that the work has been overdone. The bank screen of golden bronze further brightens the room and serves to dispel the cold and somewhat gloomy feeling which is so often encountered in banking rooms. Some fifteen distinctly different colored marbles have been used and their arrangement in the general color effect is excellent.

Space for the various banking departments is provided for back of the bank screen which runs the entire length of two sides of the room. On the right is the banking department proper with cages for the loan and discount clerks, paying and receiving tellers, bookkeepers and statement clerks. On the left are the bond, trust, stock transfer and registration departments, with cages for the various clerks.

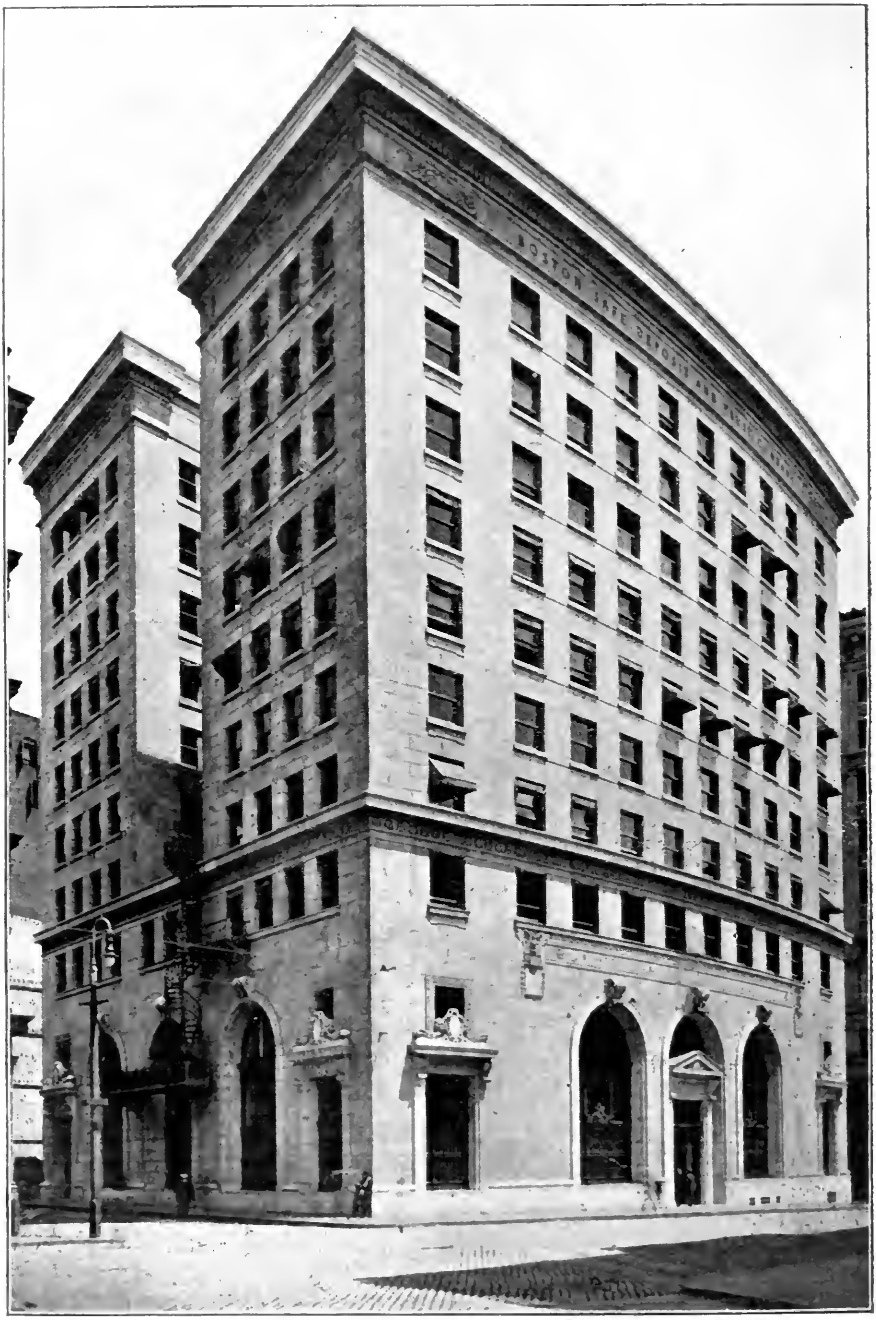
Back of these departments on the bank side are the long special desks for bookkeepers and accountants, special files and other necessary details. On the trust side are the offices necessary for the various divisions and work required.

The arrangement of these departments is quite the equal of any to be found in any modern bank building in Boston, with the special advantage that each and every department is quickly within reach of the others.

From the trust side of the room a private stairway leads to the directors' room on the mezzanine floor. This room is attractively finished with long mahogany table, comfortable chairs, fireplace and other accessories.

The remaining space on the two mezzanine floors will be used for special departments and provide room for expansion of the company's business.

The architects were Messrs. Shepley, Rutan & Coolidge of Boston.



BOSTON SAFE DEPOSIT AND TRUST COMPANY BUILDING

Franklin, Devonshire and Arch Streets, Boston

Safe Deposit Vault.

The safe deposit vault business of the Boston Safe Deposit and Trust Company has for many years received much expert attention and is today about the largest in New England. With the new vault which has been built, and which by the way is the largest in New England, this department has been provided with ample opportunity for further expansion. The vault itself is located in the first basement of the building and is wholly below the street level. This location, with the special elevator service and stairway, offers the greatest possible convenience subordinate to the requirements of the highest degree of protection.

The vault has been constructed so that it is open to constant inspection by the watch from all sides, top and bottom, and stands entirely separate from the walls of the building, being supported upon its own foundation. The outside dimensions of the vault are sixty-six by forty feet and the weight is 3000 tons. The walls are of the strongest concrete, two feet and more in thickness, reinforced by special heavy tee grillage. The lining is made of massive interlocking steel plates and forged sections. The steel used is of two kinds—one of great tensile strength and ductility, to resist the shock of explosives and the tearing effect of wedges, and the other of extreme hardness to resist drills and all other cutting tools.

The two vault doors, with their complement of time locks and electrical protective features, each weigh over twenty tons, and combine all the known elements of protection. The entrance ways or vestibules, including the doors, each weigh over sixty-five tons. Fresh air is delivered to the vault by protected ducts, which close automatically with the vault doors.

The capacity of this immense vault is about 15,000 safes. The vault was designed by Frederick S. Holmes and built by the Remington & Sherman Company. Around the vault on the outside are arranged some sixty coupon rooms and consulting rooms, with a special room for ladies.

History of the Company.

The Boston Safe Deposit and Trust Company, one of the oldest in the state, received its charter by act of legislation April 13, 1867, the incorporators being Samuel H. Walley, William Ropes, William Endicott, Jr., their associates and successors. The charter granted was a broad one and provided for the "receiving of deposits, for safekeeping government securities, stocks, bonds, coin, jewelry, plate, valuable papers and documents, and other property of every kind, and for collecting and disbursing the interest or income upon such of said property received on deposit as produces interest or income and of collecting and disbursing the principal of such of said property as produces interest or income when it comes due, upon terms to be described by the corporation, subject to certain statute restrictions."

Several amendments were made to this charter and on April 14, 1875, the Boston Safe Deposit and Trust Company was incorporated anew with a capital of $400,000. The capital was increased to $600,000, January 25, 1882, and later, on January 26, 1890, to $1,000,000, where it stands at present.

The record of the honorable career of this leading Boston banking institution is contemporary with the growth of the financial and commercial life of the city. The company has kept pace with the general growth of the community and in its new quarters occupies a position long deserved.

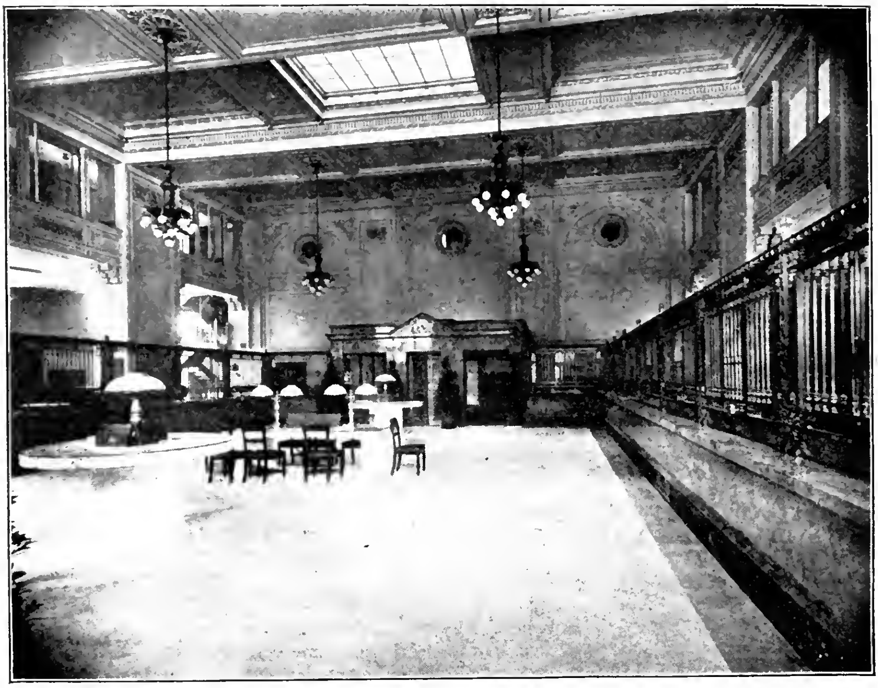
Three of Boston's mayors have been officials of the company, their names being Frederick W. Lincoln, Samuel C. Cobb and Henry L. Pierce. A glance at the succeeding lists of officers and directors would show the names of many of Boston's leading business men and private citizens.

The present officers include:

Charles E. Rogerson, president.
James Longley, vice-president.
William C. Williams, vice-president.
George E. Goodspeed, treasurer.
Edward E. Stevens, assistant treasurer.
Roland E. Chafey, assistant treasurer.
Henry A. Fenn, secretary and manager safe deposit department.
Herbert D. Heathfield, assistant secretary.
Francis J. Burrage, assistant secretary.
Marvin Sprague, trust officer.

The president, Mr. Charles E. Rogerson, has been actively engaged in the business life of Boston and the state for many years. He is a native of Boston and early entered the employ of the Bartlett Steam Cotton Mills, at Newburyport, and this was the beginning of his large interests in the cotton industry. In 1880, Mr. Rogerson became treasurer of the Bartlett Steam Cotton Mills, which were later destroyed by fire and went out of business. In the same year he became treasurer of the Peabody Mills, resigning to go into business as a cotton broker, in which he was highly successful. In 1899, Mr. Rogerson entered into partnership with Messrs. William Almy and Theodore G. Bremer, the firm being known as Almy, Rogerson & Bremer. On May 1, 1905, Mr. Rogerson severed his connection with the firm and since has devoted his entire time and attention to the constantly increasing business of the Boston Safe Deposit and Trust Company.

Mr. William C. Williams, vice-president, has been with the bank for many years and is recognized as one of the most active bank men in Boston, practically his entire business life having been spent in the banking field. Mr. Williams was educated in the Phillips Grammar and Boston Latin Schools, entering business life in 1877. Mr. Williams



Main Banking Room—View from the Front

Main Banking Room—View from the Rear

The President's Room

became identified with the Suffolk National Bank on January 1, 1879. After working up through the successive positions to that of assistant cashier and passing through the consolidation of the Suffolk and Washington National Banks, which resulted in the National Suffolk Bank on January 27, 1902, Mr. Williams became cashier of the new institution, of which a short time later he was made vice-president. On September 29, 1903, the National Suffolk Bank was absorbed by the Second National and the vice-presidency

The Officers' Quarters

was offered to and accepted by Mr. Williams. Six months later the directors of the Boston Safe Deposit and Trust Company sought his services, and on March 1, 1904, he was made vice-president of this company.

Mr. George E. Goodspeed, who became treasurer of the Boston Safe Deposit and Trust Company in 1896, entered the company as a bookkeeper in 1881. Mr. Goodspeed is a native of Connecticut and graduated from the Sheffield Scientific School at Yale.

Mr. Henry A. Fenn's connection with the company dates from June, 1875, when he became clerk, succeeding Edward P. Bond as secretary and manager of the safe deposit vaults in the spring of 1893.

The following is a partial list of past officers of the Boston Safe Deposit and Trust Company and is interesting because it contains the names of many men whose business ability and public spirit have contributed in no small measure to the city's progress and

The Directors' Room

prosperity and who did much to furnish the foundation for the present sphere of usefulness occupied by the company.

Presidents: Francis M. Johnson, 1875-1877; Frederick M. Stone, 1877-1897; William E. Putnam, 1897-1905.

Vice-presidents: Frederick W. Lincoln, 1875-1897; Francis Dane, 1875; Thomas Talbot, 1875-1881; Samuel C. Cobb, 1876-1877; Francis M. Johnson, 1878; Oliver Ditson, 1879-1888; William E. Putnam, 1891-1897.

Treasurer: Frank C. Miles, 1875-1896.

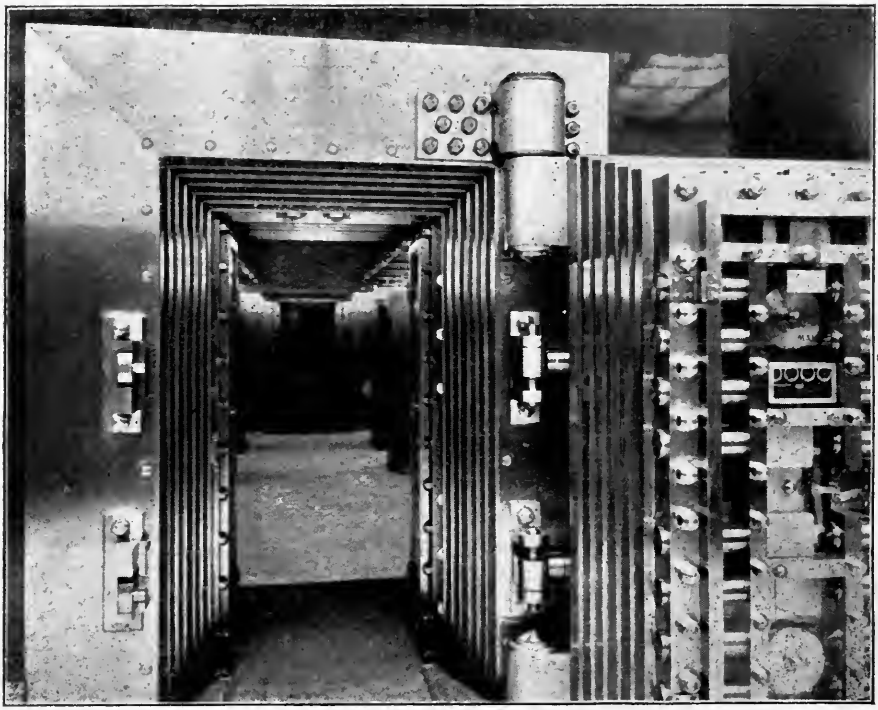
Assistant treasurer: George E. Goodspeed, 1896-1899.

Secretary and manager of safe deposit department: Edward T. Bond, 1875-1893.

Solictor: Benjamin F. Brooks, 1875-1897.

The present board of directors of the Boston Safe Deposit and Trust Company is as

The Bookkeepers' Space



The 3000-Ton Vault

follows: James Longley, Henry S. Shaw, Gerard C. Tobey, Nathaniel J. Rust, Frank G. Webster, Arthur F. Estabrook, George B. Wilbur, Charles F. Fairbanks, Wallace L. Pierce, George R. White, Costello C. Converse, Edward W. Hutchins, James R. Dunbar, Elwyn G. Preston, Charles E. Rogerson, Richard M. Saltonstall, Jerome Jones, Nehemiah W. Rice, Nathaniel F. Ayer, Richard C. Humphreys, George W. Wheelwright, John W. Farwell, C. Minot Weld, William H. Wellington.

The following condensed statement of the financial condition of the Boston Safe Deposit and Trust Company at the close of business June 30, 1910, will prove of particular interest, as it shows in detail the financial growth and influence of the institution.

Special attention is called to the figures of the trust department, the largest in New England. At the present tiem the trusts amount to over $14,000,000, embracing 130 trust estates.

Condensed Statement.

ASSETS.

Bonds and Stocks	$1,257,485.43
Loans	9,917,843.06
Cash in Office	1,070,207.91
Due from Banks	2,303,912.94
Overdrafts	748.42
Accrued Interest	21,624.42
Real Estate	2,211,725.95
Real Estate by foreclosure	21,785.96
Stock B. S. D. & T. Co. in hands of Directors for Distribution	14,800.00
	$16,820,134.09

LIABILITIES.

Capital Stock	$1,000,000.00
Surplus Fund	2,000,000.00
Profit and Loss	826,068.28
Reserved for Taxes	25,259.69
Deposits	12,968,806.12
	$16,820,134.09

Trust Department.

ASSETS.

Mortgages	$4,864,045.00
Real Estate	2,106,349.84
Stocks and Bonds	3,942,832.16
Stocks and Bonds held under Special Instructions	1,875,725.00
Sundry Securities	1,224,816.26
Cash—Principal and Income	219,395.73
	$14,233,163.99

LIABILITIES.

In Trust under Wills and Trust Agreements	$13,180,320.34
Income	138,536.84
As Executor, Administrator, etc.	914,306.81
	$14,233,163.99

BANK OF MONTREAL

HEAD OFFICE, MONTREAL—NEW YORK OFFICE, 64 WALL STREET

Head Office Building at Montreal

THAT sound old institution, the Bank of Montreal, has after considerable trouble, secured a desirable location for its New York City agency and quite recently removed the business to the ground floor of No. 64 Wall street.

While the rooms at this address cannot be compared in size or beauty with those of the home office, they are, nevertheless, pretentious enough to merit recognition.

The main entrance to 64 Wall street leads into a hall containing the elevator shafts. From this hall a wide door gives entrance at the right to the interior of the bank. Running north and south for half the length of the room is a bronze-screened, marble banking counter. Here the visitor will probably note for the first time that the walls and counters are of a dull, lustreless, Tennessee marble that blends perfectly with the cream tint of a beautifully paneled ceiling.

At the southern end of the room, fronting on Wall street, stand the agents' desks.

Italian walnut of a very fine grain and polish is the wood that has been used throughout the building for desks, chairs and paneling. The effect is very pleasing.

From the agents' quarters the visitor, on his tour of inspection, will pass behind the tellers' cages, take note of the ample space provided for the clerical force, and proceed down a marble stairway to the basement. Here he will find an immense vault, whose doors weigh 137,000 pounds, built for the exclusive use of the Bank of Montreal. In the compartments of this electrically protected vault, there are millions of dollars' worth of securities. To further insure the safety of these papers, the mirror system of protection has been installed. By means of mirrors placed below the surface of the floor it is possible at all times to see every square inch of surface on the bottom of the vault, thereby precluding the possibility of anyone boring up into the compartments from beneath unseen.

In addition to this great steel storage place, a smaller vault is provided for the accommodation of the ledgers and other books.

Then there is a steel lined room which can also be used for storage purposes. An engine located in the basement provides a steady current of cool air to the upper room and also removes the foul heated air.

Historical.

The Bank of Montreal opened for business on Monday, November 3, 1817, in premises in a building belonging to the Armour estate, situated on St. Paul street, Montreal, between St. Nicholas and St. Francois Zavier streets, with a paid up capital of $350,000.

The first president was John Gray, and the first cashier was Robert Griffin.

In the year 1819 the capital was increased to $650,000, and in the following year to $750,000. In 1829 the capital was $850,000; in 1841, $2,000,000; in 1845, $3,000,000; in 1855, $4,000,000; in 1860, $6,000,000; in 1873, $12,000,000; in 1903, $14,000,000; in 1905, $14,400,000.

In the first full year (1819) of the bank's operation, a dividend was paid at the rate of eight per cent. per annum, and since then (with the exception of the years 1827 and 1828 when the bank did not pay any dividend), the annual dividends have ranged

Interior View of the Head Office at Montreal

PHOTO BY OLIVER LIPPINCOTT, N, Y.

Interior View of the New York Agency

PHOTO BY OLIVER LIPPINCOTT, N. Y.

A Partial View of the Agent's Quarters in the New York Agency

from six per cent. to sixteen per cent. (or say, a dividend of twelve per cent. with a bonus of four per cent.), according to the earning. But of late years ten per cent. per annum has been the rate paid.

After eight per cent. had been paid as dividend in 1819, a balance of $4,168 remained on hand, and was laid aside as a rest. From that date of small beginnings the rest has steadily grown. In 1825 there was $30,780 going down to $12,064 in the following year, and then up again to $107,-084 two years later; in 1830 it stood at $31,360. Five years later, it stood at $80,-660, reaching $197,828 in 1837; in 1840 it showed $89,480; in 1850, $120,192; in 1860, $740,000; in 1870, $3,000,000; in 1880, $5,-000,000; in 1883, $5,750,000; in 1884, $6,-000,000; in 1900, $7,000,000; and now it stands at $12,000,000.

On January 1, 1858, the system of decimal currency was adopted in the Bank of Montreal, and since that date, all monetary transactions have been recorded in the bank's books in dollars and cents. Previous to that date, the bank's books were kept in what was styled Halifax currency—pounds, shillings and pence—the pound being of a value of $4.

On January 1, 1858, the Montreal branch was established as a distinct and separate business from the head office, E. H. King being appointed as its first manager.

In the year 1862, the designation of the chief officer of the bank was changed from cashier to that of general manager. David Davidson was the first general manager.

In 1863, the Bank of Montreal was appointed banker in Canada for the Canadian Government and on January 1, 1893, E. S. Clouston being general manager at the time, the bank became their financial agent in Great Britain also.

The New York agency was first opened on January 1, 1859, at 32 Pine street with Richard Bell as agent. On May 1, 1869, the bank moved to 59 Wall street, where it remained until May 1, 1906, when it returned to Pine street, this time to No. 31. The new quarters at 64 Wall street have been occupied since the thirty-first day of May.

According to its last published report, the Bank of Montreal completed the half-year, ended April 30, with net profits of $797,-765.14 and carried forward a balance of $681,561.44. Capitalized for $14,400,000, the bank maintains a rest fund of $12,000,000 and has all told deposits of $206,995,187.04. It reports also, total assets of $234,438,-318.99.

The present board of directors is as follows:

Rt. Hon. Lord Strathcona and Mount Royal, G.C.M.G., G.C.V.O., honorary president; R. B. Angus, president; Sir Edward Clouston, Bart., vice-president; E. B. Greenshields, Hon. Robert Mackay, David Morrice, C. R. Hosmer, Sir William Macdonald, James Ross, Sir Thos. Shuaghnessy, K.C.V.O., Alfred Baumgarten and H. V. Meredith.

Sir Edward Clouston, Bart., is the general manager and R. Y. Hebden, W. A. Bog and J. T. Molineux are the New York agents. Both Mr. Hebden and Mr. Bog are from the head office; the former came to New York in 1892 and the latter came in 1906.

SEVENTEENTH ANNUAL CONVENTION OF THE NEW YORK STATE BANKERS' ASSOCIATION

WITH Ledyard Cogswell presiding, the seventeenth annual convention of the New York State Bankers' Association was called to order in the Hotel O-te-se-ga, Cooperstown, Thursday morning, July 14. The convention was opened with prayer by the Rev. Sidney S. Conger, D. D., of Cooperstown, after which the president delivered his address.

Hon. Edward B. Vreeland was the speaker for the first day. He delivered an able address, taking for his subject, our banking and currency system, and prophesying the establishment of a central bank, to be free from political control.

On the evening of this first day the delegates and visitors gathered in the hotel banquet hall for the yearly banquet. The room was decorated with a profusion of flowers, and on the walls were displayed banners representing nearly every bank that is a member of the association. Grace was said by Rev. Dr. Kittell, of Albany, and before beginning the post-prandial exercises President Cogswell called the diners to their feet to drink to the toast The President of the United States. The speakers were: Comptroller William A. Prendergast, of New York City, David R. Forgan, president of the National City Bank of Chicago; Rev. Jas. S. Kittell of Albany, and Thomas A. Daly, of Philadelphia.

O. H. Cheney, superintendent of the New York State Banking Department, was the speaker at the final business session. He spoke on "Bank Supervision," and said in part:

"In discussing the subject of bank supervision, we must remember that bank examination is not an object in itself. Its purpose is to secure soundness and conservatism in the banking system. A banking department is primarily the representative of every depositor in the State, and its

efforts must be directed toward securing for them absolute protection. It, therefore, becomes a department of conservation and construction, firm in its work of removing the dangerous growths and tendencies, but always anxious to upbuild and strengthen. Indeed there can be no greater satisfaction than to help an institution rid itself of unfortunate conditions and then see it grow strong because of increased care and attention. The records of such accomplishments are not public and never will be but they are written in the hearts of men."

Clark Williams, the State Controller, also briefly addressed the gathering.

The officers elected for the ensuing year are: Luther W. Mott of Oswego, president; William H. Bennett of the American Exchange National Bank of New York, vice-president; W. C. Morgan of Cuba, N. Y., treasurer; William J. Henry of White Plains, N. Y., secretary, re-elected.

BOOK REVIEWS

Moody's Manual for 1910 — The 1910 Moody Manual, now ready for delivery, is a much more complete and comprehensive volume in every particular than any of its predecessors. The manifest advantage of confining the publication to one volume necessitated the excision of some ancient history and the rearrangement of many of the statistical tables; despite this the current issue contains some 350 pages more than the 1909 edition—the increase being about equally distributed over all sections of the work—and no pertinent information has been sacrificed in the pruning process.

The series of signed analytical articles on leading steam railroads, by Roger W. Babson, introduced in the 1909 edition, has been brought up to date, and the usefulness and value extended by the addition of comparative tables, covering a series of years, showing the capitalization and maintenance charges per mile. These tables, used in conjunction with Mr. Babson's index, which appears in the Monthly Digest of Corporation News, furnish the basis for reliable deductions as to the respective merits of the securities.

Especial pains have been taken to secure uniformity of style and phraseology in all the divisions of the work, and systematic efforts have been made, with a large measure of success, to obtain full details of properties, bond securities, etc., particularly in the industrial and public utilities section.

The industrial section, which has always been a strong feature of this Manual, has been considerably amplified and improved in every respect. The statements of 350 additional corporations have been included—nearly half of this, covering companies with an aggregate capitalization of $500,000,000, cannot be found in any other publication.

The statements in the public utilities section have all been carefully revised and many of the statements of the larger systems practically rewritten. Considerable new matter has been added in relation to a number of large holding companies; as an instance of this, it may be said the statement of the Public Service Corporation of New Jersey extends over 18 pages in the new edition, as compared with 10 pages in the former edition. The judicious use of distinctive headings and sizes and style of type permits the reader to apprehend at a glance the intercorporate relationship of the several companies.

The entire Manual has been especially designed to promote ready reference and to further this end, initial letters have been placed at the head of each page, in every section of the book, thereby indicating at a glance the exact alphabetical location of every division of the Manual. By this means, the frequent user of the Manual will be enabled, in many instances, to locate the particular statement he desires, without recourse to the general index.

Gold Production and Future Prices. By Harrison H. Brace. New York: The Bankers Publishing Co. (Price $1.50)

An important addition to existing literature on the subject is "Gold Production and Future Prices" by Harrison H. Brace, L.L.M. Approaching the question in a spirit of open-mindedness rarely found in works of this kind, Mr. Brace presents an unusually clear and interesting discussion not only of the influence which increasing gold production may be expected to exert on prices, but of the counteracting influences as well.

In the first part of the book Mr. Brace takes up the history of the production of gold, showing how prices have been affected by the great mining movements of the past. The conclusion reached may best be stated in the author's own words: "The central point intended to be brought out in this review is that, ignoring minor changes, due to crops, wars, and the alternate ebb and flow

of business, and other causes, the most important influence which determines price is the cost of producing gold as compared with the cost of producing other commodities; and that anything which either increases or decreases the supply of the standard money metal has a tendency in lowering or raising the price of commodities."

The second part of the book shows how the experience of the past is being repeated at present. Handling the subject always in a spirit of fairness, the author comes to the conclusion that owing to the increased production of gold, commodity prices are likely to have an important advance from their present level—an advance which will be broken by minor surface reactions caused by the alternations of good and bad times and the numerous price making factors dedescribed. After a few years, however, this advance in prices will halt, and before it can be resumed it will be necessary for the production of gold to greatly increase from present average yearly output.

Mr. Brace's book is an interesting and popular treatment of a difficult subject, and is of fully as much interest to the practical business man as to the student.

A. E. STILWELL ON CONDITIONS ABROAD

ARTHUR E. STILWELL, president of the Kansas City, Mexico & Orient Railway Company, returning from a two months' trip abroad, during which he effected the sale of $5,000,000 first mortgage, fifty-year gold four per cent. bonds, in an interview, says:

"The sale was made to a syndicate of prominent English bankers. The proceeds of the sale of these bonds will be applied on construction work on the line from San Angelo to Del Rio, Texas. This line will be completed so as to establish a connection with the Mexican National Railway, thus giving the Orient line direct entrance into Mexico City, and making possible the transportation of through freight between that city and Kansas City.

"The route so established will have a mileage equal to the shortest existing route between those two points and shorter than that of several competing lines. Work will also be pushed on the line running southwestward from San Angelo, Texas, to connect with the tracks east of the Conchos river, in Mexico. so as to bring the main line into Chihuahua, where it will tap the north and south lines of the Mexican Central.

"Present indications are that the road, as projected, will be completed in about two and a half years. This includes the section of line that will convey trains right into Kansas City."

Commenting upon the general attitude of London and Paris bankers towards American railroad securities, Mr. Stilwell says that, "a general unanimity of opinion prevails to the effect that for some time to come, no more American railway securities can be placed abroad, for the reason that American securities, already underwritten, had not been taken up by investors as readily as it was expected they would be. Little enthusiasm is displayed over them, and bankers are not inclined to take up any more, while a part of the earlier underwritten securities are as yet undisposed of.

"Business conditions in England as reflected by the trade balances are excellent. Crops are likely to suffer a bit on account of the prolonged and heavy rains during the past month or five weeks. Early in July sixteen days of continuous rain fell. Crop conditions on the continent in Germany, France and Switzerland appeared to be good."

Regarding conditions in this country, President Stilwell said: "The railroads ought to be allowed to share in the prosperity of the country to a greater extent, because they are the greatest general contributors towards that prosperity. They should be put in a position where they could expend $500,000,000. That is a sum that could be most judiciously expended by them in the next eight or ten years, in bringing about better operating conditions and increased facilities. The conditions of unrest that prevail in consequence of the constant agitation is doing this country harm abroad as evidenced by the general closing of the markets there against American securities and the giving admission to South American securities."

Mr. Stilwell will spend a short time in New York before leaving for an inspection of the latest work done on his line in this country and Mexico. No new financing is contemplated at this time and no traffic arrangements of any kind are pending. Construction work on both extensions is to be pushed with all dispatch. The opening of the Panama canal Mr. Stilwell expects to be a direct benefit to the Orient line by bringing about a development of the entire Southwest territory. The tonnage that will be developed, he says, will greatly outweigh any established tonnage that is likely to fall away upon the opening of that canal. The matter of constructing "feeder" lines to the system has not been considered, and it is regarded as one that will not present itself for ten or twelve years.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Acting on the suggestion made by Franklin MacVeagh, Secretary of the Treasury, representatives of twenty-six national banks of New York City met July 29 at the Clearing House and organized the National Currency Association of the City of New York under the terms of the Aldrich-Vreeland Act. After electing officers, appointing an executive committee and adopting the by-laws, the bank presidents adjourned with the hope of never being called upon to meet again.

A. Piatt Andrew, Assistant Secretary of the Treasury, represented Mr. MacVeagh at the meeting. "I do not expect," he said, "that this association or any other currency association will ever be asked to issue emergency currency. There is not the slightest indication that any such currency will be needed this fall, or at any time during the next four years, when the present law expires. But it is certainly desirable that the banks should get the machinery ready for resort to in case it should ever be necessary.

"The law was enacted two years ago, the Government has been put to a large expense to print the currency and there has been a great deal of work connected with the other details. For that reason, the least that the banks of the country could do, it seems to me, would be to organize the currency associations, and thereby supply the machinery that the law provided for. We are hearing from banks in large cities throughout the country, and the movement seems to be unanimously in favor of following Secretary MacVeagh's suggestion concerning the wisdom of forming these associations according to law."

Officers of the Association.

A. Barton Hepburn, president of the Chase National Bank, was elected president of the association, and Frank A. Vanderlip, president of the National City Bank, vice-president; Alexander Gilbert, president of the Market & Fulton National Bank, was chosen treasurer, and Edward Townsend, president of the Importers' & Traders' National Bank, was elected secretary.

The executive committee consists of William H. Porter, president of the Chemical National Bank; Valentine P. Snyder, president of the National Bank of Commerce; Francis L. Hine, president of the First National Bank; Richard Delafield, president of the National Park Bank, and William Woodward, president of the Hanover National Bank. The president and vice-president of the Currency Association make up the sixth and seventh members of the executive committee.

Following are the twenty-six banks which have signed the certificate of formation of

the currency association: Bank of New York & National Banking Association, Mechanics & Metals' National Bank, National City Bank, Chemical National Bank, Gallatin National Bank, National Butchers' & Drovers' Bank, American Exchange National Bank, National Bank of Commerce, Mercantile National Bank, Chatham National Bank, Hanover National Bank, Citizens' Central National Bank, Market & Fulton National Bank, Importers' & Traders' National Bank, National Park Bank, East River National Bank, Fourth National Bank, Second National Bank, First National Bank, Irving National Exchange Bank, Chase National Bank, Lincoln National Bank, Garfield National Bank, Seaboard National Bank, Liberty National Bank and the Coal & Iron National Bank.

Provisions of the Law.

The law provides that there must be at least ten national banks in each national currency association, and the aggregate capital and surplus of such national banks must be at least $5,000,000. No national bank may join a national currency association unless it has an unimpaired capital, and surplus of not less than twenty per cent. After the formation of an association any member bank, whose outstanding circulating notes actually issued by United States bonds amount to not less than forty per cent. of its capital may obtain additional circulating notes by depositing with the association in trust for the United States any securities, including commercial paper. But additional notes will only be issued upon the recommendation of the Comptroller of the Currency and the approval of the Secretary of the Treasury, and then not exceeding seventy-five per cent. of the cash value of the securities or commercial paper so deposited. There is a proviso also that no national bank association shall be authorized in any event to issue circulating notes based upon commercial paper in excess of thirty per cent. of its unimpaired capital and surplus.

—Edward Earl, president of the Nassau Bank, has just passed his fortieth birthday. The momentous occasion fell on July 22, and was fittingly remembered by his legions of friends. Mr. Earl is one of the youngest bank presidents in the United States and has been instrumental in bringing the Nassau Bank to its present prosperous condition. The bank's total resources on June 30 were $10,268,976.63. Loans and discounts were $6,946,790.05; bonds and mortgages, $178,140; due from banks, $817,889.88; cash and exchange, $2,310,156.70. The Nassau Bank is capitalized at $500,000 and has surplus and profits of $521,843.25. Deposits aggregate the handsome total of $9,209,-906.13.

—The report of the Garfield National shows deposits, $9,585,105, with capital of $1,000,000; surplus, $1,000,000, and undivided profits, $177,077. The cash and due from banks amounts to $3,471,882, and total resources, $12,156,782. R. W. Poor is president, and W. L. Douglass, cashier.

—Col. Edward H. R. Green has been elected a director of the Seaboard National Bank and hereafter will reside in New York. Colonel Green has extensive interests in Texas. He is president of the Texas Midland Railroad, which extends 125 miles from Ennis, on the Houston and Texas Central, to Paris. This property was purchased seventeen years ago by Mrs. Green, and, with her son as president, it has done much toward developing a part of the Lone Star State. Colonel Green is a bachelor and an enthusiastic automobilist. He is also interested greatly in aviation. The Seaboard National Bank, according to its statement of June 30 last, had deposits of $30,037,322, and a surplus of $1,913,000. It is capitalized at $1,000,000. Samuel G. Bayne is president.

—A large forward stride in deposits is shown by the Bankers Trust Company in its report of condition at the close of business June 30. From $59,951,926.98 on

March 25, 1910, the deposits have grown to $68,408,353.46—an increase which speaks highly for the growing estimation in which the company is held by the banking public. In total resources, as well, the Bankers shows a splendid increase, from $72,353,157 to $84,694,147.79.

—J. E. Blackburn, Wright Gillies and William Reimer have been elected directors of the Audubon National Bank, to fill vacancies in the board. The Audubon National reports loans and discounts of $411,177.26; total resources of $706,968.50; capital of $200,000; surplus fund of $50,000; individual deposits of $359,951.05; demand certificates of deposit of $1,000; and time certificates of deposit of $5,000.

—The Liberty National has presented its usual gratifying report at the call of the Comptroller of the Currency June 30. Loans and discounts are $19,505,966.43; United States and other bonds and securities, $2,159,878.86; cash and due from banks, $11,161,325.98. The total resources are $32,827,171.27. The capital of the Liberty National is $1,000,000, surplus and profits $2,717,748.45. The deposits amount to $28,583,756.15.

—Comparing the June thirtieth statement of the Phoenix National with the statement of November 16, 1909, which was the date of the last official call before the close of the year, the surplus and profits account shows an increase of $18,229, making the total surplus and profits account $703,754. A dividend of $30,000 was paid in January of this year and $40,000 is reserved in the statement for a dividend paid on July 1. This makes the stockholders' profits $88,229 since last November. It is also noticeable that the amount reserved for taxes is $23,000, whereas in November it was but $17,000. Total deposits are $14,302,665, against $10,600,767, and total resources have increased to $16,912,238, against $13,149,283 seven months ago. Pierre S. du Pont has been recently added to the directorate.

—The Broadway Trust Company has moved to new banking rooms on the southeast corner of Broadway and Eighth street. The company's offices were formerly on the northeast corner.

—Stockholders of the Century Bank of New York have voted to increase its capital stock from $200,000 to $250,000. The new stock will be offered to stockholders at $150 per share, at the rate of one share for each four now held.

—The Irving National Exchange Bank shows continued prosperity in its very gratifying report made to the Comptroller of the Currency at the close of business June 30. Loans and discounts are $19,298,174.12; United States and other bonds and securities, $2,325,813.72; cash and due from banks, $9,660,934.76; total resources, $31,515,093.09. The Irving has a capital of $2,000,000, surplus and profits $1,646,823.66. Deposits reach the handsome total of $27,056,869.33.

—Julian M. Gerard has been elected a vice-president of the Knickerbocker Trust Company. The directors have elected B. L. Allen a member of the board. Mr. Allen

has been connected with the trust company for many years, beginning as paying teller. He was a branch manager at the time of the crisis in 1907, and as a reward for his valuable assistance in the reorganization of the trust company he was made a vice-president. His elevation to the board of directors is in line with former promotions.

—In its annual statement as of June 30, the United States Mortgage and Trust Company reports total deposits of over $50,000,000. A year ago its deposits totaled $42,000,000, showing an increase during the twelve months of about $8,000,000.

—Deposits of $25,140,997 are reported in the statement issued by the Merchants' National Bank. The capital is $2,000,000; surplus and undivided profits, $1,761,988; loans, $13,875,826; United States bonds and other securities, $4,229,696; cash and due from banks, $11,734,755, and total resources, $30,835,536. The bank was founded in 1803 and is therefore 107 years old. It has just paid its 214th semi-annual dividend.

—Walter H. Bennett, who was promoted from the assistant cashiership to the cashiership of the American Exchange National Bank last January, has been accorded another advancement. He has been elected a vice-president and will serve in the dual office of vice-president and cashier. Three new assistant cashiers of the bank were also chosen, namely, Arthur P. Lee, Elbert A. Bennett and George C. Haigh. Walter H. Bennett was also elected vice-president of the New York State Bankers' Association at its meeting at Cooperstown July 14 to 16.

—Louis S. Brady, formerly of the Fifth Avenue Bank, has been appointed assistant cashier of the New Netherland Bank of New York, at 41 West Thirty-fourth street.

—For June 30 the Market and Fulton National Bank reports loans and discounts of $8,346,807, cash items of $3,835,943, surplus and profits of $1,698,799, circulation of $237,700 and deposits of $10,123,951. Alexander Gilbert, the president of the bank, can well be proud of this splendid showing. The Market and Fulton National is a purely commercial bank and prides itself on having built up a business that is entirely independent of Wall Street.

—On June 30 the Coal and Iron National Bank reported total resources of $8,673,720, loans and discounts of $4,414,332, surplus and profits (earned) of $373,171, and deposits of $6,870,671. The bank, on July 13, declared its sixteenth quarterly dividend of one and one-half per cent. This report, condensed from that made to the Comptroller of the Currency, shows that the bank has earned two and one-half times the amount of the dividend payment—$15,000. W. J. Harohan, assistant to the president of the Erie Railroad, has been elected a director of the Coal and Iron National, in place of George Sheffield, resigned.

—The Hanover National, in response to the call of the Comptroller of the Currency, has rendered a splendid report of condition at the close of business June 30. The Hanover now has total resources of $119,574,062.02, of which the following are some of the principal items: Loans and discounts, $51,504,543.46; United States and other bonds and securities, $9,964,580.79; cash and due from banks, $52,441,095.05. With its capital of $3,000,000, the Hanover boasts a surplus and undivided profits account of $11,707,416.11, which places it among the most substantial institutions in the country. Deposits aggregate $102,893,863.91.

—For the period ending June 30, the Columbia Trust Company reports total loans of $5,199,131, and other assets to the total amount of $15,727,126. The company has surplus and profits amounting to $1,572,510, and deposits of $13,136,101.

—John E. Backus has been elected president of the Queens County Trust Company, of Jamaica, L. I., to succeed William M. Griffith, who resigned in February. The new president advances from the office of first vice-president.

—William M. Rosendale has recently been appointed an assistant cashier of the Market and Fulton National Bank. He has long

been connected with the bank and prior to this appointment was in charge of the discount department. He has been active in the work of the American Institute of Banking, having served on the transportation and educational committees of the national organization. He was president of New York Chapter last year, also served for several terms as a member of the finance and transportation committees and as first and second vice-president. He is at present chairman of the speakers' committee. Mr. Rosendale has written a number of articles on department methods and read them before various chapters. He addressed the Detroit convention, 1907, on the credit department. He has contributed articles to a number of financial journals and has written three chapters for the proposed American Institute of Banking text book. Aside from his various duties he is treasurer of a Hospital Bed Fund Association in New York that cares for about 200 men yearly, and is vice-president of the Collegiate Club of New York.

—One of the best statements ever issued by the Chase National Bank is this last one dated June 30, with total assets of $106,325,069, a capital of $5,000,000, and a like amount of surplus, the bank has secured $92,786,537 of deposits. Net profits total $2,472,531.

NEW ENGLAND STATES

—By their action in declaring a semi-annual dividend of ten per cent., the directors of the United States Trust Company of Boston, have raised the annual rate from sixteen per cent. to twenty per cent. per annum. Besides paying this dividend the company carried another $100,000 to its surplus account, increasing this to $800,000. The Unites States Trust Company started just fifteen years ago with $200,000 capital and $50,000 surplus paid in. The company has not only paid its shareholders in fifteen years 142 per cent. in dividends, but from earnings has raised its capital and surplus account from $250,000 to $1,000,000 and has besides between $50,000 and $100,000 in its undivided profit account. Paying an average of nearly ten per cent. per annum in dividends, and at the same time multiplying its capital four-fold, is a record which it is believed will be a difficult one to surpass.

—The First National of Boston, in its report to the Comptroller of the Currency at the close of business June 30, makes the following gratifying showing: Notes discounted, $31,434,624.78; demand loans, $10,038,820.32; United States and other bonds and securities, $2,994,908.75; cash and due from banks, $23,127,830.99; total resources, $68,656,184.84. With its capitalization of $3,000,000, the First National now has a surplus and undivided profits account of $5,758,579.44. Deposits total $58,702,605.40.

—That there is room in Boston for progressive and conservative trust companies with small capital is evidenced by the success which has been attained by the Liberty Trust Co., which has been in operation only since September 10, 1907, and which has just declared a quarterly dividend of one and one-quarter per cent. on its stock.

Starting during the 1907 panic, which was an inopportune time from a banking standpoint, the company, which had a paid-in capital of $200,000 and no surplus showed on June 30, 1910, deposits of $2,400,000, and surplus and undivided profits, after all expenses had been paid, of $103,000, or fifty per cent. more than its original capital. The entire $103,000 has been earned in the two years and nine months that the company has been in business. Earnings, therefore, have averaged better than 18 per cent. per annum on the original $200,000 capital.

Dividends could easily have been paid considerably sooner, but the directors felt that it was wise to accumulate the $100,000 surplus before distributing any of the earnings to stockholders.

The officers of the company are: George B. Watson, president; Melvin O. Adams, vice-president; and Allan H. Sturgis, vice-president and treasurer.

—Francis H. Burrage has been appointed assistant secretary of the Lincoln Trust Company of Boston. The institution began business last October.

—Arthur H. Steele has been appointed cashier of the Rockport (Mass.) National Bank to succeed Geo. W. Tufts. He assumes his duties August 1.

—Charles A. Chapman, treasurer of the Chicope Savings Bank, has been unanimously elected treasurer of the Southbridge Savings Bank.

—The Merchants National of Providence, R. I., at the close of business June 30 makes the following gratifying report to the Comptroller of the Currency: Loans and discounts, $5,327,993.36; United States and other bonds and securities, $2,105,-857.41; cash and due from banks, $1,481,-653.84; total resources, $9,015,504.61. The capital is $1,000,000, surplus and profits $754,672.10, deposits $6,392,332.51.

—William H. Burrows has been chosen president of the Middletown National Bank of Middletown, Conn., to fill the vacancy caused by the resignation of E. K. Hubbard on April 5. On July 1 Francis A. Beach assumed the position of cashier, to which he was elected on January 11.

—The Aetna National of Hartford makes a flattering showing in its report of condition June 30. Loan and discounts, $2,703,757.03; United States and other bonds, $793,650; cash and due from banks, $581,150.18; total resources, $4,104,807.21. The capital is $525,000, surplus and profits $795,866.55 and deposits $2,169,975.96.

EASTERN STATES

—James T. Hamilton has been elected president of the Third National Bank of Pittsburgh to succeed the late Julius Bieler. Mr. Hamilton is a member of the glass-manufacturing firm of J. T. & A. Hamilton. He has served as a director of the bank for a longer period than any of his present associates on the board.

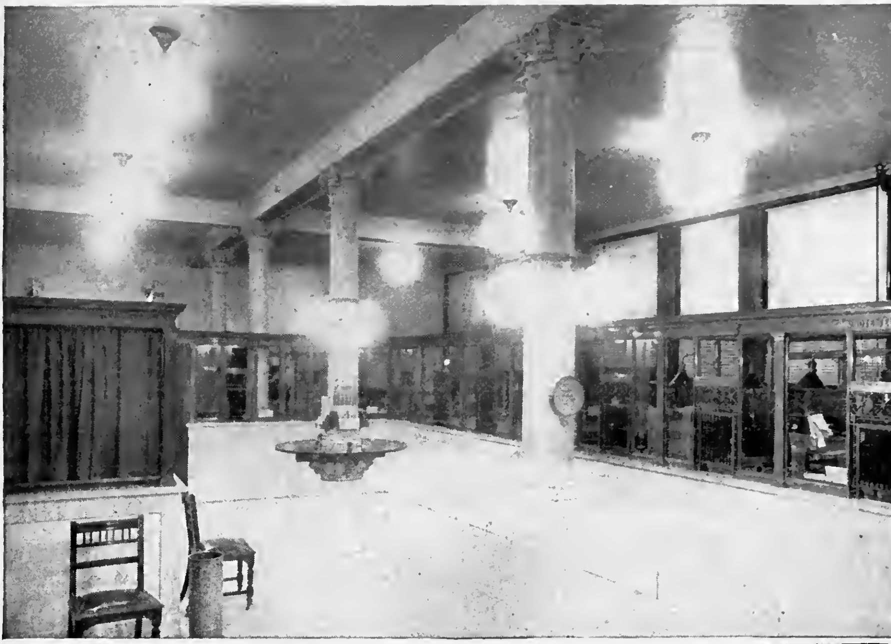
—With the exception of the Duquesne National, which took over the Guarantee's banking business, the Columbia National Bank of Pittsburgh had the distinction of making the largest gain in deposits between calls of all the Pittsburgh banks. The total reported by the Columbia was $7,304,572, an increase of $1,467,000 since March 29 last.

—The Exchange Naional Bank of Pittsburgh keeps up its remarkable record for growth under the present management. While the gain between calls was not so large as three months ago, it nevertheless was a gain. As compared with the nearest corresponding date last year the increase in total deposits is $2,056,902, or 105 per cent. Within the same period there has been an increase of ninety per cent. in the number of depositors.

—The big banks of Pittsburgh, as a rule, have made substantial gains between calls by the Comptroller of the Currency. The Federal National, which has a capital of $1,-000,000 and surplus and profits of $1,317,-645.39, reports deposits of $3,761,961.72, which marks an advance of over $400,000 since March 20. Total resources, also, have increased from $6,612,124.36 to $7,088,707.11.

Deposits of the Keystone National are now $3,862,863.32, a gain of half a million dollars since the beginning of the year. The Keystone is capitalized at $500,000 and is especially strong in surplus and undivided profits, which aggregate $847,460.55.

The Bank of Pittsburgh, N. A., reports



deposits of $17,559,576.51 and total resources of $25,279,777.34. It has surplus and profits of $3,085,303.33, the capital being $2,400,000. It is interesting to note that shortly after the bank began business 100 years ago its total resources were $127,908.98 and deposits $17,155.23.

The Mellon National in its statement of June 30, shows a growth in surplus and profits since March 29 of $133,000. In addition to this the bank has just paid a dividend of $60,000, making its net earnings in the past three months over $190,000.

Deposits of the First National Bank of Pittsburgh at the close of business on June 30 totaled $22,586,073.69, an increase of $300,000 since the corresponding call of 1909. Resources now total $26,768,771.20.

The Diamond National reports loans and investments of $4,600,756, cash in vault amounting to $1,920,226, surplus and undivided profits of $1,653,413, and deposits of $5,304,429. Deposits of the Diamond Savings Bank amount to $1,203,206. It has a surplus of $125,000.

—One of the best of the many excellent reports of condition called for by the Comptroller's call of June 30, comes from the Peoples National Bank of Pittsburgh. Forty years ago this institution reported surplus and profits of $89,675 and deposits of $507,644; on June 30, 1910, it reported surplus and profits of $1,874,482 and deposits of $13,661,865. These figures tell the story of a remarkably successful existence.

—The Girard National of Philadelphia, in connection with the current statement of June 30, makes a comparison of its increase in surplus and profits over the past seven years, which is little less than remarkable. The surplus and profit item on June 30 this year stood at $4,190,954, and on June 9, 1903, at $2,579,868. The earned increment in seven years has been therefore $1,611,086, and as the bank paid cash dividends during that period amounting to $1,700,000, the total net earnings in seven years have been $3,311,086, or average earnings on the capital of $2,000,000 of 23.65 per cent. The bank's deposits on June 30 were $36,179,134. Altogether the Girard National has had an extraordinarily prosperous career, one which reflects credit on its able staff of officers and board of directors.

—F. Leighton Kramer has been elected a vice-president of the Ridge Avenue Bank of Philadelphia, to replace the late Frank R. Whiteside. Edward C. Bell has been elected assistant cashhier of the institution.

—On July 12 the stockholders of the Tradesmen's National Bank of Philadelphia authorized the proposed change with respect to the par value of the stock, whereby it will be made $100 per share instead of $50, as at present. In its statement of June 30 the Tradesmen's National reports loans and investments of $4,641,593; cash and due from banks, $2,413,313; capital, $500,000; surplus and undivided profits, $792,082; deposits, $5,628,149; total resources, $7,417,632.

—In rounding out its tenth anniversary, which occurred July 2, the directors of the Franklin National Bank of Philadelphia carried $250,000 to surplus, raising that fund to $2,500,000. The bank opened for business in July, 1900, with a capital of $1,000,000 and a surplus of like amount. It has paid from its earnings in dividends $1,010,000 and added $1,500,000 to its surplus, making that fund $2,500,000 and the

Modern Sky-Scraper Home of the Franklin National Bank of Philadelphia at Broad and Chestnut Streets

total net earnings for the ten years, including undivided profits, approximately $2,650,000. In October, 1908, the bank took possession of the large office building at the northeast corner of Broad and Chestnut streets, which had been purchased from the Girard Trust Company in 1902 and which is now carried on the books at an amount less than the present assessed valuation. This location is perhaps the most desirable in the city. The property is rapidly enhancing in rental value and is now very satisfactorily tenanted. Occupying the greater portion of the street floor, the bank enjoys ample accommodation for its officers and the various departments of its expanding business. Starting with $3,404,231 of deposits the Franklin National recently reported deposits of $33,123,873.

—Alterations in the building of the Market Street National Bank of Philadelphia, which were begun some months ago, have been completed, and the institution is now housed in practically a new structure. One of the marked features of the remodeled quarters is the light afforded through the alterations, making the use of artificial illumination no longer necessary. The exterior of the building has been converted into a marble front of Doric design. The bank continued business on the premises during the work of reconstruction.

—For June 30 the Corn Exchange National Bank of Philadelphia reports loans and investments of $13,830,263, a sum of $2,868,780 as due from banks, $3,332,800 of cash and reserve, a circulation of $440,000, surplus and profits of $1,465,766, and deposits of $19,103,221.

—On July 1 the First National Bank of Philadelphia and the Merchants National Bank of that city were merged, no intimation of the impending move having been made public until its actual accomplishment. The stockholders will meet on August 3 to

ratify this action. By the terms of the merger the capital stock of the First National Bank will be increased by $500,000, or up to $1,500,000, to take over the $1,000,000 capital stock of the Merchants' National Bank. To every holder of two shares of Merchants' National Bank stock one share of First National Bank stock and $100 in cash will be given. This fixes the valuation of the Merchants' National Bank stock at $155 per share. The surplus and profits of the First National were $1,019,245 in the March statement, while its deposits on June 25 were $10,418,000. J. Tatnall Lea, who has been president of the First National since April, 1904, will continue in the presidency, and William A. Law, who became president of the Merchants' National last January, will be identified with the First National as first vice-president. The full roster of the enlarged bank will be as follows: J. Tatnall Lea, president; William A. Law and Kenton Warne, vice-presidents; Thomas W. Andrew, cashier; C. H. James and Freas B. Snyder, assistant cashiers. Messrs. Warne and James were heretofore respectively cashier and assistant cashier of the First National, and Messrs. Andrew and Snyder served as cashier and assistant cashier respectively of the Merchants'. The board of the First National will be increased to eighteen members through the addition of seven directors from the directorate of the Merchants'.

—Thirty-seven years ago Mr. Budd entered the employ of the Tihrd National Bank of Philadelphia as a messenger boy. Possessed of grit and ambition he worked his way up from one department to another and eventually was made cashier. This office he has held for more than ten years.

THOMAS J. BUDD
Cashier Third National Bank of Philadelphia

—As usual, the oldest bank in the United States, the Bank of North America, N. A., of Philadelphia, has rendered an exceptionally good statement of its condition. This call it reports loans and discounts of $12,763,319, cash and reserve of $2,901,740, surplus and undivided profits of $2,621,980, a circulation of $497,300, and deposits of $14,626,016.

—A splendid statement comes to us from the Keystone National Bank of Reading, Pa. It was rendered at the close of busi-

ness, June 30, and contains the following important items: Loans and discounts, $550,528; capital stock paid in, $100,000; surplus fund, $200,000; undivided profits, less expenses and taxes paid, $9,882; individual deposits, $484,277; total deposits, $486,636. The Keystone has total resources of $878,949.

—John A. Kloepfer, on July 1, assumed the presidency of the Union Stock Yards Bank of Buffalo, N. Y., succeeding Irving E.

JOHN N. KLOEPFER
Newly Elected President Union Stock Yards Bank of Buffalo, N. Y.

Waters, who resigned. Mr. Kloepfer, who is but thirty-seven years of age, comes to Buffalo from the Bank of Hamburg, New York, where he has served since 1904 as vice-president.

Last year he served as treasurer of the New York State Bankers' Assoieation and also labored in behalf of Group 1 as chairman.

The Union Stock Yards Bank has just completed a fine edifice at the corner of Broadway and Fillmore avenue, of cut granite, with white glazed terra cotta and bronzed trimmings, having a frontage of thirty-one feet on Broadway and ninety feet on Fillmore avenue. The interior is of steel, bronze and marble. The bank's capital stock is $150,000.

—In its statement of condition for June 30, the First National Bank of Baltimore shows general improvement. It carries $4,346,141 of loans and discounts, has a capital of $1,000,000, a surplus of $450,000, and undivided profits of $97,301. It maintains a lawful money reserve of $478,000 and on the date named reported deposits of $6,581,156.

—The Albany Trust Company of Albany, N. Y., reports favorably as of June 30. This well-known institution has deposits of $6,676,540, a surplus and profits fund of $319,810, and resources of $7,454,914.

—The Lincoln National Bank of Rochester, N. Y., makes a gratifying report under date of June 30. Its total resources are $15,308,745; its reserve in bank is $1,028,884, and its surplus, $1,000.000. It has at the present time deposits of $12,100,132 and undivided profits of $372,013.

—On June 30 the Second National Bank of Cooperstown, N. Y., reported deposits of $1,439,283, undivided profits of $46,135, a surplus of $160,000, a capital of $150,000, and total resources of $1,892,133. Charles T. Brewer is president; Fred L. Quaif is vice-president; George M. Jarvis is cashier and F. W. Spraker is the assistant cashier.

—H. Fessenden Meserve, of the banking firm of Middendorf, Williams & Co., has been elected first vice-president and director of the Commercial and Farmers' National Bank of Baltimore, to succeed James M. Easter, who resigned on account of outside duties.

Mr. Easter, proposes, however, to retain an interest in the bank. Mr. Meserve was formerly an extensive mine operator in Korea, and has had considerable banking experience. Frederick H. Gottlieb was also elected a director in the bank.

—Substantial growth has occurred in the business of the Second National Bank of Washington, D. C. Its deposits increased from $1,440,205, February 5, 1909, to $1,609,-510, March 29, 1910, the date of the previous statement to the U. S. Comptroller. In the same period surplus and profits advanced from $224,207 to $255,698, and total assets from $2,744,164 to $2,958,208. The bank is a United States depositary. It was established in 1872 and has $500,000 capital. William V. Cox, its president, is well known to bankers throughout the country for his active work in the interests of the American Bankers' Association. Walter C. Clephane is vice-president; John C. Eckloff, cashier, and Jacob Scharf, assistant cashier.

—Edward Floyd Caverly, who was on June 23 elected cashier of the National City Bank of Washington, D. C., assumed his duties July 15. Mr. Caverly was born in Brooklyn, N. Y., December 9, 1875. He attended schools in Washington until March 1891, at which time he was offered a position as errand boy with the firm of J. H. Chesley & Co., hardware merchants, at a weekly compensation of $1.50, with working hours from 7 A. M. to 6 P. M. After six months' constant attention to business he accepted a place as runner for the firm of Arms & Drury, money brokers, of Washington. By hard work and *not watching the clock,* Mr. Caverly was gradually advanced and after twelve

PHOTO BY HARRIS & EWING, WASHINGTON, D. C.

EDWARD FLOYD CAVERLY

Cashier National City Bank of Washington, D. C.

years' service was promoted to manager and confidential clerk for that firm, remaining in that capacity until the fall of 1907, at which time he was offered and accepted the assistant managership for the Washington branch office of E. R. Chapman & Co., bankers and brokers of 80 Broadway, New York City. He remained with that firm until E. F. Hutton & Co. of New York City, bankers, succeeded them, when he became the manager, and it is this position he has given up to accept the cashiership of the National City Bank of Washington, D. C.

—Charles L. Farrell, who recently became vice-president of the Essex County National of Newark, N. J., has been elected president of the bank to succeed Benjamin Atha, resigned. Mr. Farrell was formerly a vice-president of the Irving National Exchange Bank of New York, and is a banker of unusual ability.

—William Growney, for seven years connected with the First National Bank of Perth Amboy, N. J., has been elected secretary and treasurer of the West Hudson

County Trust Company of Newark, N. J., to succeed Peter B. Fox, who for the last five years has filled the office with credit. Mr. Fox resigned so that he might accept a more lucrative position in one of the largest banks in Butte, Mont.

SOUTHERN STATES

—From the Planters' National Bank of Richmond, Va., comes an exceedingly gratifying statement of condition. This old bank reports total resources of $7,051,284, a capital of $300,000, surplus and profits of $1,258,392 and deposits of $5,099,699. The fact that the total capitalization is but one-fourth of the surplus and profits fund is noteworthy.

—Another bank consolidation in Richmond, Va., has been suggested and it is likely that before long steps will be taken to bring about a merger of the Bank of Commerce and Trusts of that city with the Capitol Savings Bank. The recommendation has been made by the directors of the Capitol Bank, a controlling interest in which is owned by the Bank of Commerce and Trusts. Oliver J. Sands, president of the latter institution, will probably head the merged bank, and the officers and clerks of both banks will be retained. The new institution will have a capital of $300,000, a surplus of $100,000, and deposits exceeding $1,600,000. It will add greatly to the financial growth of Richmond.

—For June 30 the First National Bank of Richmond, Va., reports loans and discounts of $6,663,026; cash and due from banks, $1,737,585; a surplus of $1,000,000, undivided profits of $15,784 and deposits of $5,922,127. Total resources are $9,516,787.

—The Merchants' National Bank of Richmond reports loans of $4,338,584, resources of $6,786,762, a capital of $200,000, a surplus and undivided profits fund of $920,305 and deposits of $5,405,557.

—The American National Bank of Richmond, Va., reports a capital of $500,000, a surplus and profits fund of $310,534, loans and discounts of $3,260,584 and deposits of $3,458,391. Total resources on June 30 were $5,052,894.

—With an increased capital stock—now $300,000—the People's National Bank of Lynchburg, Va., has secured considerable new business. This is evident by comparing the bank's two latest statements. Surplus and profits have been increased from $325,000 to $414,408, while the $1,234,428 of deposits represents a gain over the last report. The present officers are: John Victor, president; Walker Pettyjohn, vice-president; G. E. Vaughan, cashier; W. W. Dickerson, assistant cashier.

—Control of the Columbia (S. C.) Savings Bank and Trust Company has passed to the Norris interests and B. F. P. Leaphart, who has for years been assistant cashier of the Bank of Columbia, has been elected president under the new regime, and George R. Norris has been elected vice-president. Mr. Leaphart has been in the banking business for twenty years and is well and popularly known in Columbia. A. R. Heyward, Jr., has been retained as cashier of the bank.

The bank has been in successful operation for many years and gives promise of increased business. The board of directors of the Columbia Savings Bank and Trust Company consists of the following: John B. Norris, George R. Norris, John L. Mimnaugh, William D. Melton, August Kolin, William J. Murray, F. H. Hyatt, W. K. Keenan and B. F. P. Leaphart.

—The Fourth National of Atlanta, Ga., makes the following excellent report to the Comptroller of the Currency at the close of business June 30: Loans and discounts, $4,930,547.92; U. S. bonds and other securities, $676,647.75; cash and due from banks, $1,211,085.47; total resources, $7,445,575.66. The capital is $600,000; surplus and profits, $790,822.65, and deposits, $4,754,733.01.

—Beginning August 1, the seventh anniversary of the Atlantic National Bank of Jacksonville, Fla., a plan becomes effective whereby the bank's employees will be insured against sickness, accident, the stress of old age and death. The remarkable feature of the plan is in the fact that there will be no assessment upon the salaries of the employees. The fund will be made up exclusively from a percentage of the net profits of the bank to be placed at the end of each six months into the savings department of the bank, where it will grow with the interest and the accumulations thereupon. A fixed schedule will be made, based upon the character of the accident or other disability, the length of service of the employee and the importance of his position, so that a faithful employee of long service is reasonably certain that his family will receive a substantial sum in case he dies, or that he himself will be provided for when old age puts her winter snows upon his head.

—The First National Bank of Birmingham, Ala., reports June 30, 1910, loans and discounts, $6,880,588; total cash, $3,085,947; capital stock, $1,000,000; surplus and profits, $881,185; total deposits, $8,561,351; total resources, $11,458,137. The increase in deposits over June 30, 1909, was $1,395,792. W. P. G. Harding, president; J. H. Woodward and J. H. Barr, vice-presidents; Thomas Hopkins, cashier, and F. S. Foster and Thomas Bowron, assistant cashiers. J. E. Ozburn is secretary savings department.

—J. J. Baskett, president of the Alabama Bank and Trust Company of Gadsden, Ala., has sold a majority of his stock to Harry Bellenger, the cashier, who becomes president. The bank is capitalized at $50,000. Mr. Baskett retains some stock in the institution.

—According to Walker Broach, vice-president of the First National Bank of Meridian, Miss., the past six months have been the most prosperous his bank has ever enjoyed. On June 30 it reported loans and discounts of $1,132,090, total resources of $2,082,389, a surplus of $170,000, undivided profits of $18,422 and deposits of $1,376,367. The bank's total earnings amounted to $58,431.18.

—Compilations appearing in the Mobile papers July 1 relative to the standing of the city's financial institutions at the end of the half year depict noteworthy advancement. For June 30, 1910, the deposits of the eight banking institutions are $10,874,545, while their combined capital, surplus and undivided profits is $3,948,470. Ten years ago (in 1900), the combined deposits were but $1,309,322 and the aggregate capital, surplus and profits only $1,667,379. The City Bank and Trust Company heads the list in the June 30, 1910, statistics, having on that date capital, surplus and profits of $1,007,355 and deposits of $3,240,080, the latter having grown from $2,480,175 on June 30, 1909. The People's Bank is second with deposits of $2,029,392, and capital, surplus and profits of $833,330. On a total capital of $1,620,000, the seven clearing-house banks paid out in dividends on the 1st instant, $109,000. There has also been considerable gain in the clearances of the banks, the increase amounting to $5,900,717 for the year, Secretary J. L. Taylor of the Clearing-House Association reporting the amount for the twelve months ending June 30, 1910, as $73,186,199 and those for the year ending June 30, 1909, as $67,285,482.

—J. H. Fulton has been chosen president of the Commercial National of New Orleans, to succeed William Mason Smith. Mr. Fulton was formerly vice-president.

—The Calcasieu National Bank of Lake Charles, La., reports loans and discounts of $1,546,202, a capital of $150,000, a surplus of $100,000, undivided profits of $2,519, a circulation of $121,000, resources of $2,229,175, and deposits of $1,846,508. The Calcasieu Trust and Savings Bank reports resources of $1,799,958 and deposits of $1,532,421.

—By voting unanimously, the directors of the Bankers' Trust Company of Houston, Texas, have increased the company's capital stock from $500,000 to $1,000,000. When paid for the new stock will be the same as the old, but it has been divided into 5,000 shares of $100 each, and to be sold for $150 per share, payable on September 1, 1910. There is to be no expense incident to the placing of the stock, and the additional amount paid in will be placed to the surplus fund. It is estimated that the book value of the stock after the capital has been increased will be $135 per share, it being considered that the $15 per share is a very small premium to pay for stock that has a demonstrated earning capacity of twenty-four per cent. per annum. The stock has been offered to the stockholders of record on July 20, 1910, who will waive their privilege of subscribing if their applications have not been sent in by August 1, 1910.

It is the purpose of the management to pay twelve per cent. dividends, and it is reasonable to suppose that the market value of the stock will materially enhance in value during the year, inasmuch as the present market value of the stock is $150.

The Bankers' Trust Company is one of the best organized institutions in the State, has a very strong board of twenty-five directors, and confines its business strictly to trust company transactions. It does not speculate in any way and all loans are well and absolutely secured, and it is run with

the aim of perpetuity. There are many opportunities that a trust company has to serve a community, which, perhaps, all people do not understand, as there are twenty-four distinct departments, all properly outlined and handled systematically. The business is even more beneficial to the community than that of banking; it is also more profitable. H. N. Tinker is the president and active head of this going concern.

—At the close of business, June 30, the Commercial National Bank of Houston, Texas, reported total resources of $5,223,931. The condensed report shows that this institution has a capital of $500,000, a like amount of surplus, net profits of $88,139, bank deposits of $1,265,647 and individual deposits of $2,370,144.

—The Houston National Exchange Bank of Houston, Texas, reports as follows at the close of business June 30: Loans and discounts, $2,026,003.15; U. S. bonds, $50,207.19; cash and exchange, $1,003,431.27; total resources, $3,085,141.61. The bank is capitalized at $200,000 and has surplus and profits of $7,312.33. Deposits aggregate $2,763,829.28.

—On the last day of June the South Texas National Bank of Houston reported total deposits of $3,754,785, a capital stock of $500,000, surplus and profits, earned, of $339,342, and total resources of $4,753,127. This conservative old bank was organized May 10, 1890, and has paid consecutive semi-annual dividends without a break.

—One of the best balanced statements ever rendered by the American Exchange National Bank of Dallas, Texas, is the one just published under date of June 30.

With a capital of $1,000,000, a surplus of $500,000, and undivided profits of $500,000, this institution carries loans and discounts of $6,986,418 and can show $8,188,307 of deposits.

—Another Texas bank proclaims by its official statement the general prosperity of the Lone Star State. This is the American National of Austin. On the last day of June it reported total resources of $2,808,065. It also reported deposits of $2,099,199, an earned surplus of $280,000 ($80,000 more than its capital), and undivided profits of $27,118.

—The Central Trust Company of San Antonio, Texas, has been chartered with a capital of $500,000. Three per cent. of the company's capital stock, namely $15,000, is to be deposited with the State bank guaranty fund. Following are the officers: J. O. Terrell, president; B. G. Barnes, secretary-treasurer; Alex. Joske, first vice-president.

—The consolidation of the National Bank of Commerce with the First National Bank of El Paso, Texas, took place on July 16. The capital stock of the First National will be increased from $500,000 to $600,000 and the surplus from $100,000 to $200,000. The additional stock will be taken by the stockholders of the National Bank of Commerce.

—The First National Bank of Beaumont, Texas, reported June 23 loans and discounts of $1,103,688, as compared with $885,601 on June 23, 1909; deposits have also increased during the year from $963,496 to $1,213,050 and total resources from $1,638,795 to $1,921,926.

—On June 30 the American National Bank of Nashville, Tenn., reported that it was carrying $5,051,560 of loans and discounts, also that it had resources of $7,870,016 and deposits of $4,665,434. Taking the capital of $1,000,000, the shareholders' liability of $1,000,000, the surplus and undivided profits fund of $804,000, and adding the figures together, the result is $2,804,000 of security to depositors. The American National is the only million dollar national bank in Tennessee.

MIDDLE STATES

—State banks in Chicago, reporting their condition as at the beginning of business July 1, in response to a call from the auditor of public accounts, show an increase of something more than $9,000,000 in deposits over the amount reported March 30. The total of thirty-seven State banks July 1 was in excess of $413,000,000, and half a dozen more banks in the outlying districts probably brought the figure above $415,000,000, a new high mark for the State institutions.

The amount of deposits gained by the State banks between the dates of the last two calls was a little more than half the amount lost by the national banks in the same period, so that the total deposits in fifteen national and thirty-seven State banks, as of July 1, $829,914,515, was $8,281,573 less than the total March 30.

In the same period the State banks in-

creased their loans only $2,358,000 and added $7,598,000 to their total cash resources. The loans in all the banks decreased $8,460,000 between the dates of the last two calls for statements, and the total cash resources increased $8,073,000. The cash resources in all the banks figure about thirty-four per cent. of the total deposits.

While a few of the State banks reported deposit decreases, the majority of them showed larger figures for July 1 than those of March 30. The gains of more than $1,000,000 were as follows: First Trust and Savings, about $4,000,000; Illinois Trust and Savings, $1,700,000; American Trust, $1,400,000; Merchants' Loan and Trust, $1,200,000, and the Hibernian, $1,100,000.

—The Illinois Trust and Savings Bank of Chicago has transferred an additional $200,000 from the undivided profits to the surplus account, raising the surplus to $8,600,000. The bank's total capital and surplus are $13,600,000 and in addition it has about $200,000 of undivided profits.

—An advance in the stock of the Central Trust Company of Illinois, Chicago, Ill., prepared the way for an announcement of an increase in the dividend from seven to eight per cent. The net profits after dividends will be roundly $400,000, an increase of $150,000, compared with the previous year. The earnings, therefore, for the current fiscal year will be approximately fifteen per cent. on the capital stock, amounting to $2,000,000.

—Steady and continuous growth is exhibited by the National Stock Yards National of National Stock Yards, Ill., in its report to the Comptroller made at the close of business June 30. Total resources now aggregate $4,154,076.19, the principal items being loans and discounts, $2,857,459.01; United States and other bonds, $374,762.50; cash and sight exchange, $904,354.68. The bank has a capital of $350,000 and surplus and undivided profits of $187,961.06; deposits, $3,269,715.13. Wirt Wright is president and Owen J. Sullivan, cashier.

—E. W. Harden has resigned as vice-president and director of the Monroe National Bank of Chicago.

—According to a published report, the combined deposits of the Continental and Commercial National Banks of Chicago, which are to be consolidated August 1, are $166,702,000. If the deposits of the American Trust are included the total would be $181,435,000.

—The directors of the First National Bank of Chicago have passed the following resolution:

Whereas, the experiment in organization, which this bank entered into some few years since, by which divisions were instituted corresponding to a classification which was made of the bank's customers, has proved successful and thoroughly satisfactory, except that the titles of manager and assistant manager have been found not fully and clearly to indicate to customers and the public the officer's position and rank; and,

Whereas, it is desired now to make the form of organization permanent, changing only the titles of the officers by whom it is administered;

Now resolved, that the organization of the bank into divisions, as the same are now established and operating, be and the same hereby is officially established and continued; each division to continue in the charge of the same members of the official staff as at present; but the titles of manager and assistant manager are hereby abolished.

Resolved further, that Emile K. Boisot, Charles N. Gillett, Charles H. Newhall, Moses D. Witkowsky and Arthur W. Newton be and they hereby are appointed vice-presidents of this bank, and Edward S. Thomas, Henry A. Howland, John P. Oleson, H. H. Heins, A. C. C. Timm and John F. Hagey be and they hereby are appointed assistant cashiers of this bank.

The management of the First National Bank of Chicago was some years ago organized into six divisions or groups of customers engaged in allied lines of business. Each of these divisions was placed in charge of a senior and junior officer, with the titles of manager and assistant manager.

The plan was new and more or less experimental. Its one defect is that it does not conform to the ordinary nomenclature of bank officialdom in this country, in which the titles manager and assistant manager are unknown. The public, accustomed to the usual titles of president, vice-president, cashier and assistant cashier, have had difficulty in ranking the managers and assistant managers as to their official standing and responsibility.

Finding bank management by divisions eminently successful and satisfactory, the directors have decided to place it on a permanent footing and to correct the one defect in the organization by giving the officers the titles to which their duties and positions entitle them in accord with established banking custom.

The division managers will hereafter be known as vice-presidents and their assistants as assistant cashiers. This will entail no change in their duties, but it will enable customers and the public generally better to appreciate their official rank and authority. Charles N. Gillett, the cashier, will for the present fill the two positions of vice-president and cashier. Deposits of the First National on June 30 were $106,979,588.

—Leading all the national banks of Peoria, Ill., the Commercial-German National reports loans and discounts of $3,900,701, a surplus of $450,000, undivided profits of $161,483, and deposits of $4,234,122.

In harmony with the policy of continually strengthening its position, to which the Commercial-German National Bank has consistently adhered during its entire history, the board of directors took action on July 5, transferring $100,000 from the undivided profits account to the surplus fund, thus increasing it to $550,000, an amount equal to the capital stock.

—The Continental National of Indianapolis exhibits a gratifying growth in its report to the Comptroller as of June 30. Loans and discounts, $866,893.54; U. S. and other bonds, $465,833; cash and due from banks, $418,505.92; total resources, $1,795,360.24. The capital is $400,000; surplus and profits, $33,002.98, and deposits, $926,357.26.

— Comfortably ensconsed in its new building, the First National Bank of Fort Wayne, Ind., sends out a splendid statement. This old banking institution, whose original charter number was eleven, has a capital stock of $500,000, a surplus fund of $200,000, undivided profits of $45,620, and deposits of $3,639,646. It maintains a splendidly equipped safe deposit department and has provided a lady teller for the women's department.

—The First National of Cleveland, Ohio, keeps up its enviable record of progress and prosperity in its statement made to the Comptroller of the Currency at the close of business June 30. Since the Comptroller assigned to the First National the number seven, its original charter number, the institution has assumed its proper designation as one of the oldest national banks in the country. It has had an uninterrupted period of healthy, permanent growth since its organization in 1863. The statement of June 30 shows the following excellent condition: Loans and discounts, $19,265,954.60; United States and other bonds, $3,492,542.30; cash and due from banks, $10,401,403.22; total resources, $33,950,224.93. The capital is $2,500,000; surplus and profits, $1,344,641.04, and deposits, $27,605,731.04.

The First National now ranks as one of the strongest financial institutions in the Middle West, and has an organization and equipment that embraces the latest and best methods of transacting all branches of business pertaining to banking.

—In its report to the Comptroller of the Currency made in response to the call of June 30, the Wisconsin National of Milwaukee presents a splendid statement of condition. Deposits reach the sum of $17,914,495.56, while total resources are $22,910,203.91. Some of the details follow: Loans and discounts, $12,021,572.85; United States and other bonds, $3,627,300.25; cash and due from banks, $6,721,330.81. The Wisconsin National is capitalized at $2,000,000, and has surplus and undivided profits of $1,256,720.68.

—William C. Brumder has succeeded George Brumder as president of the Germania National Bank of Milwaukee.

M. W. Tobey, recently resigned as assistant cashier, has gone to Fort Benton, Mont., as cashier of the Stockman's National Bank. Mr. Tobey "originated" in Sterling, Ill., where he began business as a messenger in a bank. For four years after going to Milwaukee he was with the Milwaukee Trust Company, and later served as assistant cashier for three years with the Germania National.

—Walter Scotten has been elected a director of the Old Detroit National Bank of Detroit, Mich., to succeed the late Henry Stephens.

—The National Bank of Commerce in St. Louis makes its usual strong report in its statement of June 30. Total resources are $82,950,128.67, of which loans and discounts are $46,727,780.01; United States and other bonds and stocks, $13,953,988.04; cash and exchange, $20,768,360.62. Although, in common with the other big banks of the country, the bank's deposits have dropped off in comparison with the figures given at the last previous call, that item will show a hand-

some total, namely, $55,389,153.75. The bank has a capital of $10,000,000 and surplus and undivided profits of $8,107,041.42.

—Last January the Washington National Bank of St. Louis was authorized to add $300,000 to its capital stock. This sum has now been paid in. The bank reports surplus and profits of $50,000.

—Measured by its statement as of July 1, the Mercantile Trust Company of St. Louis is enjoying an era of prosperity. It reports total assets of $71,857,325, a capital stock of $2,000,000, a surplus of $7,000,000, undivided profits of $253,054, and deposits of $62,411,271. In the trust department, $14,816,895 of securities are held in trust for individuals and $7,998,329.12 in trust for corporations.

—The Iowa National Bank of Des Moines, with its affiliated institution, the Des Moines Savings Bank, reports total deposits of $8,561,936. The national bank alone has $5,997,349 deposits, leaving $2,564,600 in the savings bank. It is capitalized for $1,000,000, has $291,246 of surplus and undivided profits, a circulation of $580,200, and total resources of $7,875,555. Homer A. Miller is president, H. S. Butler is the vice-president and H. T. Blackburn is the cashier. The same officers look after the savings bank.

—The Northwestern National of Minneapolis makes its usual excellent statement in response to the call of the Comptroller of the Currency, June 30. Loans and discounts, $19,731,725.42; U. S. and other bonds, $3,071,211.50; cash and due from banks, $9,642,172.99; total resources, $33,021,193.06. The capital is $3,000,000; surplus and profits, $2,190,000, and deposits, $26,266,193.96.

—On June 30 the Security National Bank of Minneapolis reported as follows: Loans and discounts, $12,616,554; cash on hand and due from banks, $6,916,758; resources, $20,372,165; capital, $1,000,000; surplus and undivided profits, $1,615,189; deposits, $17,212,576.

—The name of the Leeds National of Kansas City has been changed to the Park National, and the bank moved from Leeds to Forty-seventh street and Troost avenue. It was organized with a capital of $25,000 before Leeds was taken into the city. It is permitted under the law, however, to continue in the city with a small capitalization. Had it been within the city when organized it could not have opened with less than one-quarter million dollars capital.

—John J. McHenry has resigned as president of the Third National Bank of Louisville, Ky. A. S. Rice, who has been connected with the institution since last September in the capacity of active vice-president, becomes acting president. It is likely that he will be elected president of the bank at the next meeting of the directors.

The resignation of Mr. McHenry did not come as a surprise, as he had been intimating for some time that he desired to return to the active practice of law. He is already a member of the law firm of Burnett, McHenry, Batson & Carey, and practiced law successfully for twenty years before he became identified with the Third National. He had been associated in the practice of law at different times with Judge James P. Gregory and Judge George DuRelle. The holdings of Mr. McHenry in the Third National, it is understood, will pass to another.

Mr. McHenry has been president of the Third National since the winter of 1907. During his administration the bank has prospered, the capital stock having increased since 1907 from $200,000 to $300,000. A. S. Rice, who is now acting president of the bank, has had wide experience. He came to Louisville from Cynthiana the first of last September. He has been successful as a banker. For some time he was connected with a bank in Cincinnati.

—J. J. Hayes has been chosen cashier of the National Bank of Commerce of Louisville, Ky. Mr. Hayes has been connected with the bank for the past fifteen years, and for the past two years has been acting cashier. He is regarded as one of the most capable bankers in the city. His father held the same position many years.

—A consolidation is planned between the Southern National and the Third National Banks of Louisville, Ky. The proposition has been agreed to by the directors of the two institutions and will be submitted to the stockholders for ratification on August 5. It is proposed that the Third National be taken over by the Southern, the latter increasing its capital from $250,000 to $500,000. The Third National has a capital of $300,000; its shareholders are to receive $200,000 of the new $250,000 issue of the Southern; the other $50,000 will be sold at $150 per share, thus providing for an addition of $25,000 to the surplus. Each of the banks has deposits of about $2,200,000. The Southern National was established in 1899 and the Third National in 1874. John J. McHenry resigned the presidency of the Third on June 28 and Vice-President A. S. Rice was made acting president.

WESTERN STATES

—Official notice of the consolidation of the Union Stock Yards National Bank of South Omaha and the South Omaha National Bank of the same city, has just been made.

According to the official statement the

consolidation will go into effect on October 1 next. The paid-up capital stock will be $750,000, with a surplus of $250,000 and undivided profits of $125,000.

The building now occupied by the Union Stock Yards National Bank will be enlarged to afford suitable quarters for the new institution, and all of the active officers of both of the old banks will be retained.

The name of the amalgamation will be the Omaha Stock Yards National Bank.

The official announcement is signed by President E. F. Floda of the Union Stock Yards National Bank, and by N. C. Bostwick, president of the South Omaha National Bank.

—The First National of Norton, Kan., and the National Bank of Norton have been consolidated under the name of the former.

—At the close of business, June 30, the Central National Bank of Tulsa, Okla., rendered the following statement: Loans and discounts, $588,605; total resources, $1,246,216; capital stock, $100,000; surplus and profits, $58,304; circulation, $24,500; deposits, $1,058,411. The bank opened for business March 4, 1907.

—Paul Hardey, manager of the bond department of the Inter-State Savings Bank of Denver, Colo., has been elected a director of the institution to take the place of Lawrence C. Phillips, resigned. As recently stated, the bank has increased its capital from $50,000 to $100,000; its surplus has been increased from $20,000 to $40,000, and its combined assets are now about $875,000.

—J. A. Givens, the new president of the Idaho Bankers' Association, who was elected at Idaho Falls June 22, is a strictly western man, having been born in Washington and educated in the West. After completing his education he entered the stock raising business. Realizing the resources of the Gem State he disposed of his stock business and entered the banking business by organizing the D. L. Evans Company, bankers, Albion, Idaho, holding the position of cashier in that institution until three yaers ago when he was made vice-president and manager of the bank of Nampa, Nampa, Idaho. Since taking charge of that bank, through his management, the deposits of that institution have more than doubled.

Last July the Bank of Nampa lost its banking house in the conflagration which visited Nampa on that date. The directors decided to rebuild at once, and through Mr. Givens' efforts there has been erected one of the best banking buildings in the State of Idaho. A building known as Class A, being absolutely fireproof, not a stick of timber being used in its construction, even the desks and fixtures being made of steel.

J. A. GIVENS
Vice-President of the Bank of Nampa, Ltd., Nampa, Idaho, who was recently elected President of the Idaho Bankers' Association

Mr. Givens is a young man, thirty-four years of age, who stands for conservative, yet progressive, banking principles, and the Idaho Bankers' Association is to be congratulated on electing such a man as its president.

PACIFIC STATES

—Consolidation of the Central Trust Company and the Farmers and Mechanics' Bank as a new corporation, the Central Bank and Trust Company, has been effected at North Yakima, Wash. The capital is $50,000. George C. Mitchell is president and R. S. Wiekersham is cashier of the new bank.

—Coming so soon after adopting the new title, the June 30 report of the Dexter Horton National Bank of Seattle is an excellent one. Loans and discounts total $7,642,451; the total resources are placed at $13,172,628, the capital stock is $1,000,000, and surplus, $200,000; deposits run up to $11,972,589.

—Through the declaration on June 23 of a semi-annual dividend of $3 per share, payable July 1, the stock of the Portland Trust

Company of Oregon, at Portland, has been placed on a six per cent. basis. The institution, of which Benjamin I. Cohen is president, had heretofore paid four per cent. per annum on its capital of $300,000.

—Continued progress is shown in the statement made by the Old National Bank of Spokane at the close of business June 30. Loans and discounts are $6,766,738.29; U. S. and other bonds, $1,342,513.75; cash and due from banks, $3,185,937.35; total resources, $11,654,403.79. The bank is capitalized at $1,000,000, and has surplus and undivided profits of $291,095.58; deposits, $9,363,308.21.

—The First National of San Francisco, as usual, has a splendid report to make to the Comptroller at the close of business, June 30. With a capital of $3,000,000, the First National has a surplus and profits of $1,959,799.26, and deposits, $11,563,712.41. Total resources are $18,344,711.67, the leading items being as follows: Loans and discounts, $11,695,858.02; United States and other bonds and securities, $2,277,389.78; cash and exchange, $4,120,965.46.

—The statement made by the First National Bank of Seattle at the close of business, June 30, is extremely gratifying to the officers of the institution. With total resources of $4,207,409.84, the bank has a loan account of $2,549,653.84; United States and other bonds and stocks, $473,040.80; cash and exchange, $1,145,513.20. Deposits aggregate $3,730,690.58. The bank has a capital of $300,000 and surplus and profits of $77,319.26.

CANADA

—A dividend at the rate of nine per cent. per annum has been declared by the Merchants' Bank of Canada for the quarter ending August 31. This is an increase of one per cent.

—Negotiations have just been concluded by which the Royal Bank of Canada, whose head office is in Montreal, absorbs the Union Bank of Halifax. Notices have been sent to shareholders of both institutions calling for special meetings to ratify the deal. As a result of this combination, the Royal Bank of Canada, which is already one of the foremost banks of the Dominion, will have a capital and reserve of nearly $13,000,000, with total assets of over $90,000,000. The bank will have 170 branches, which, aside from those in Canada and Newfoundland, located in every important city, include eleven branches in Cuba, two in Porto Rico, one in Nassau, Bahamas, and one in Port of Spain, Trinidad; also an agency in New York City.

BANK OF NEW SOUTH WALES

FOR the half year to March 31 the Bank of New South Wales reports a profit slightly below that shown for the corresponding period of 1908, the respective totals being £183,900 and £186,400. The reduction is negligible, especially when the expansion shown in previous half years is remembered, while, owing to the large amount brought in, the disposable balance of £229,600 is about £6,000 above that of a year ago. The dividend is again at the rate of ten per cent. per annum, £50,000 is placed to reserve and £5,000 to officers' provident fund, leaving £49,600 to be carried forward. A feature of the balance sheet is the large addition to deposits during the half year, the present total of £30,348,600 comparing with £27,297,300, while the high money rates recently prevailing in this country are reflected in an increase of £1,425,000 to £2,370,000 in the "money at short call in London."

THE NATIONAL BANK OF CUBA

LAST February the National Bank of Cuba, head office, Havana, reported total assets of $26,773,792, and this sum represented an increase for the year then closed of over $4,500,000. It also reported deposits of $15,506,657, an increase over the previous year of $1,189,928.

Now on June 30 the bank comes forward and reports total assets $32,900,684, a gain of $6,126,892 since February. Again the report shows $23,772,701 of deposits, a clear gain of $8,266,044. These are remarkable gains. The National Bank of Cuba has a capital of $5,000,000, and a reserve fund of $900,000. It has branches scattered all over the Island of Cuba. The New York agency is located at No. 1 Wall street, with H. C. Niese, a practical banker, as manager.

THE MACHINE FOR BANKS

UNDER the above title the Remington Typewriter Company has issued a well-designed pamphlet calling special attention to the Wahl Adding and Subtracting attachment of the Remington Typewriter. This attachment, as pointed out by the pamphlet, enables the operator to write and add or subtract on the same machine, making a valuable adjunct to the bank equipment, especially in sending remittance letters, country bank statements and customers' monthly statements. Views are shown of the machines in use in the Continental National Bank, Chicago, and the Mechanics-American National Bank, St. Louis. Any bank may secure a copy of this interesting publication by writing to the Remington Typewriter Company, 327 Broadway, New York.

LEWIS L. CLARKE

President American Exchange National Bank of New York

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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR | SEPTEMBER, 1910 | VOLUME LXXXI, NO. 3

A PLEA FOR HONEST BUSINESS METHODS AND LEGISLATIVE SANITY

IN a book recently published,* Mr. ARTHUR E. STILWELL, one of the country's well-known railway men, makes a strong and stirring plea for honest business methods and for legislative sanity in dealing with business problems, particularly those relating to the railways.

Mr. STILWELL has no words of apology for the past disgraceful practices of a few of the railways and corporations whose actions have undoubtedly done much to discredit American securities at home and abroad; on the contrary, he unsparingly denounces the frauds, deceits and tricks that have been revealed, and urges upon our corporations an observance of the strictest standards of business morality. He is hard upon the bears, or financial wolves, as he styles them, who make raids upon securities, artificially depressing their values and bringing on panic and ruin.

But the chief argument of Mr. STILWELL's book is for just treatment of the railroads. It is his belief that were the railroads permitted to make very slight advances in their freight and passenger rates, and to be assured that these rates could be maintained for fifteen years or longer, a great era of railroad building and improvement would ensue, and the prosperity of the people would be wonderfully enhanced. He points out the example of Mexico, which, in order to attract railway capital, fixes the rates for a period of ninety-nine years.

Many phases of American business life are aptly summed up in this new volume. "Grabitis"—the never-ending desire for the accumulation of wealth—is declared to be fast assuming the shape of an epidemic in this country. There is an eloquent chapter on "The Englishman," showing his remarkable achievements as an empire builder, and an appreciation of the work done by JAMES J. HILL in developing the Northwest. Of the latter it is pointed out that Mr. HILL has, by building the Great Northern, added several billions to land values along the line, besides conferring other very large benefits upon the people in the territory served, and that actually instead of there being "water" in the Great Northern, the shoe is on the other foot, and the "water" might as justly be said to be in the land values.

Mr. STILWELL proposes a National Order of Merit, or American Legion of Honor, that shall honor men who have performed distinguished public service. He also thinks that such an organization, properly qualified to represent public opinion, would have much influence in counteracting rumors calculated to injure the country's business and to arouse distrust of our securities.

We believe the plea made by Mr.

* "Confidence or National Suicide?" By Arthur E. Stilwell, president Kansas City, Mexico & Orient Railway; price $1.00. New York: The Bankers Publishing Co.

Stilwell for fair treatment of the railroads is both timely and just. It may indeed be true that the railroads are largely responsible for the hostility shown toward them by Congress and many of the State legislatures. But it seems that the railroads thoroughly understand that they must mend their ways and obey the laws. That being the case, legislative attacks upon them are certainly no longer justifiable. The railroads must have a great deal of new capital, and this they will find difficulty in procuring unless they are permitted to advance their rates so they can make reasonable returns on the capital already invested in them. A policy of hostility, or even of uncertainty, can not fail to be injurious alike to the railroads and the people. With nearly fifty legislative bodies in a position to "regulate" railroad rates, and with the present disposition of the people to allow politicians to ride into power by cheap attacks upon the railroads, the situation of the roads is not a very enviable one. They must regain the favor of thinking men by treating the public fairly and by obeying the laws; and, on the other hand, the public must realize that the railroads cannot be essentially harmed without injury to all business.

It is to be hoped that the railroads and other corporations will not soon require such drastic treatment as they have recently received. The country needs relief from political agitation, and the railroads especially need just treatment.

Mr. Stilwell's book deals with railway and other business problems from the standpoint of a successful American who is proud of his country's achievements and who would see its business standards unsullied. It is a business book by a business man, but is as bright, witty and entertaining as a romance. It is a book that will set the people thinking, and thinking in a way that will tend to erect a structure of prosperity upon a basis of confidence.

IMPENDING POLITICAL CHANGES.

WITHOUT entering into the domain of partisan politics, one may yet take note of changes that seem to be impending.

The battle that has been going on between the "insurgents" and the "regulars" in the Republican party has attracted wide attention and intense interest throughout the country.

The Republican party was born at a time when issues more or less sentimental and humanitarian were engaging popular attention. Slavery and secession were of course the dominant questions. Even long after the Civil War, there were collateral issues growing out of this great conflict on which the parties divided. Slavery and dismemberment of the Union have long been in the category of dead and all but forgotten issues. But probably no Republican of national prominence cares today for some of the other fruits of the Civil War. Amendments to the Constitution secured while the passions enkindled by the great struggle were yet alive have been allowed to lapse into desuetude.

After the war fever had passed away the public mind became engaged with the resumption of specie payments and the tariff. In other words, politics became less occupied with sentimental and humane matters and turned to the contemplation of business problems. The Republican party brought about—not without some Democratic aid, of course—the resumption of specie payments. It dallied with silver, however, and has never had the courage to retire the greenbacks nor the wisdom to provide a sound and efficient bank-note currency. But it has maintained the gold standard.

The protectionist policy to which the Republicans have adhered has unquestionably aided in building up the manufacturing industries of the country. It is claimed, indeed, by the opposing party that the protective duties are no longer necessary, or at least that they should be greatly lowered. They are described as favors bestowed upon the trusts and big manufacturing concerns.

Still more lately the questions uppermost in the public mind have related to the railroads and other corporations.

With this change in the nature of political problems it is not surprising that the charge of "commercialism" should be brought against the ruling party. It seems to be true of late years that people are more concerned about laying up treasure where moth and rust corrupt than they are about less material things. Mr. Bryan in 1896 grandiloquently proclaimed that the people should not be crucified on a cross of gold—but to no purpose. The anti-imperialists, mostly cultured gentlemen from Boston, shed tears for the Filipinos, but the policy of "benevolent assimilation" went on unchecked. Who has not listened to the heart-breaking descriptions of the ravages of the "rum power," made by the temperance advocate and prohibitionist? Yet the demon seems fairly well entrenched in power yet. When it can be shown that alcohol is unprofitable, a different story may be told.

It is hardly a just reproach to a party that it has legislated with some regard to the business interests of the country. But the "insurgents" evidently think that legislation has become too much a matter of special favor.

Messrs. Aldrich and Cannon are generally regarded as the chief obstacles to the adoption of progressive policies by the Republicans, and it is announced that these gentlemen are to be eliminated from their present places of control.

If this factional fight shall bring the Democrats into power, important changes may be made in the legislative policies of the country. On the other hand, it may result in placing the leadership of the ruling party with those who are in closer touch with present-day sentiment among the people.

The insurgent movement is, apparently, indicative of an awakening of the national conscience. We have no reason to discuss the tariff or other political issues. But we can not fail to remember the course of Mr. Aldrich and Mr. Cannon in 1908 with respect to currency legislation. The stand taken by these gentlemen made possible the miserable inflation measure known as the Aldrich-Vreeland law and indefinitely postponed the enactment of a wiser measure.

Aldrich and Cannon have been the obstacles in the way of sound and intelligent banking and currency legislation, and their elimination from a dominating influence in politics would be welcomed by every man who wishes to see a currency and banking system adopted that will contribute to stable business conditions and the prosperity of all classes and all sections.

IS SUSPENSION THE PROPER REMEDY IN A CRISIS?

FROM the numerous suggestions made for meeting or preventing bank runs in time of panic, we take the following from a communication from Mr. F. E. Lyford, president of the First National Bank, Waverly, New York:

"Banks receive from customers over ninety per cent. in exchange. Repeal the present law allowing depositors to demand one hundred per cent. cash; permit the banks at their option to pay depositors in exchange to the amount of fifty per cent. of their demands, and no currency famine will ever come. * * * If the people knew they could not get

currency on demand, they would not be very apt to try to get it."

Experience might, of course, show that if people know they could not get currency on demand, they would not deposit in banks at all.

But it is not our purpose to criticise Mr. LYFORD's suggestion. It is in line with the current opinion and practice of the times—that the way to meet a crisis is by suspending payments in whole or in part. This is the clearing-house certificate plan and the Aldrich-Vreeland emergency currency plan. For, of course, bank notes emitted by the banks *en bloc* to prevent insolvency represent a suspension of actual cash payments.

Such remedies may, indeed, succeed—that is, they will tide the banks and commercial houses over the crisis (and that is something, to be sure). But the trouble with remedies of this character is that they are not applied until the era of inflation has run its course and has culminated in a crisis, and when applied it merely postpones the liquidation that must take place before business can regain a healthful tone.

It seems to us that opinion on banking and currency reform has been setting pretty steadily of late in the wrong direction—favoring an "elasticity" that means more and more stretching of the string. We do not believe confidence in the banks will be promoted by a suspension of payments in times of crisis, and the covering up of this suspension by calling it "emergency currency" will not long deceive the people.

REGULATION OF "PRIVATE BANKING" IN NEW YORK

ON September 1 a new law went into effect regulating certain classes of private bankers in the State of New York who receive money on deposit or for transmission abroad.

The new law will require a deposit of $10,000 in cash or approved securities with the State Comptroller, also the filing of a surety bond in a sum of $10,000 to $50,000.

Private bankers not engaged in the class of business aimed at in the law may secure exemption from the provisions of the act.

While the majority of the private bankers are conducting a safe and reputable business, the fact that there are a few of the other kind has tended to injure those whose business is legitimate, and has besides entailed considerable losses on the public.

The regulation of banking in New York by legal enactments has been along wise lines, and the new act will further strengthen the already excellent banking system of the State.

DEPOSIT GUARANTY DEFENDED

OKLAHOMA'S bank deposit guaranty law is defended by Bank Commissioner COCKRELL of that State in a letter addressed to one of the New York newspapers. He cites the case of a national bank that failed five or six years ago with liabilities of about $1,000,000, and which has only paid sixty-five cents on the dollar to depositors, while a State institution that failed less than a year ago, owing $3,000,000, has been completely liquidated and all depositors have received one hundred cents on the dollar.

One swallow does not make a summer, and further experience may be necessary to determine exactly how the deposit-insurance law will work out in practice. But the experiment will no doubt be watched by all bankers with interest, and by at least a few with open minds.

Oklahoma has a good general banking law and the banks operating under it have made a creditable record, both for profits and for safety.

THE COUNTRY'S FOREIGN TRADE

MUCH concern has been expressed lately about the falling off in the "favorable" balance of our foreign trade. For the fiscal year ended June 30 we exported only $187,000,000 more merchandise than we imported, compared with $351,000,000 in 1909 and $666,000,000 in 1908. This is indeed a big difference in our net annual export of merchandise, and it may have a very important bearing on the banking and financial situation. But it need not, necessarily, alarm anybody. As is generally known, an excess of imports was the rule from 1850 to 1875. It was not until 1897 that our net exports passed the $200,000,000 mark, yet the country was prosperous even when it was importing more than it exported.

We should not attempt to treat the present situation with airy indifference. But, on the other hand, we fail to see any cause for a scare in the foreign trade figures. They may change suddenly in the future as they have done in the past. Anyway, one year does not establish permanent foreign trade conditions permanently any more than one swallow makes a summer.

DEPARTMENT STORE BANKING

WHILE the department stores that are receiving deposits contend that they are not doing a banking business, the Supreme Court of Wisconsin, in the case of MacLaren vs. State, has taken the opposite view, saying: "A department store receiving deposits of money, which may be withdrawn in cash, or used by the depositor for the purchase of goods at the store, is doing a banking business within the statute of Wisconsin." In this case the decision seemed to hinge upon the point that the receiving of deposits in the manner stated constituted the transaction of a banking business within the Wisconsin statute, and therefore such business could not be carried on except as provided for by the banking law.

There are great department stores all over the country engaged in similar practices. These stores are generally of admitted solvency; but, as the Wisconsin Supreme Court said in the decision cited, that is not the question; if they are doing a banking business, they are amenable to the laws regulating that business.

Banking has become a term signifying many things. Originally, it meant the receipt of money, plate or other valuables for safe-keeping, and later transfers of these valuables or their equivalents by means of checks and bank notes. Of late years the functions of banks have been greatly multiplied, as will be illustrated by a story told by Mr. D. R. FORGAN, president of the National City Bank of Chicago. Mr. FORGAN had a friend, a Presbyterian, living in one of the smaller cities of Illinois. The pastor of this man's church happened to notice that there was a desirable vacancy in the pulpit of a Presbyterian church in Milwaukee, and mentioned the matter to Mr. FORGAN's friend, who said, "Oh, I guess we can fix that up all right. I'll ask my bank. I think their Chicago correspondent can arrange the matter." Communications were opened, and the vacant pulpit was soon filled.

A Philadelphia banker related once that regularly every week he executed a commission for a box of peppermint candy for a New York banker—presumably not because the price of that commodity was lower in Philadelphia than in New York, but because of the better quality.

The department store bank is simply a means of borrowing from the public without security or legal safeguards. The receipt of money on deposit and the payment of interest thereon certainly constitute a form of banking. It would

be the part of wisdom for all the States to follow the rule of the Wisconsin Supreme Court, which holds that such business is subject to the banking law.

It is not without interest in this connection to note that the same question has arisen in England. "The Economist" of London sharply criticises this mixing up of banking and trading accounts, and justly says that "depositors are not protected by the many safeguards of publicity and experience provided by an ordinary joint-stock bank."

REGULATION OF THE EXPRESS BUSINESS

COMPLAINTS are not infrequently made of the inadequate regulation of the business of the express companies. For many years a committee of the American Bankers' Association has labored, with no great success, to regulate the money-order business carried on by these companies, and lately the "express capital earnings and rates" have formed the subject of a report to the Merchants' Association of New York. This report finds that the returns to the express companies from capital actually and necessarily employed in the operation of express service are from forty-three to 115 per cent. or more; that the rates which yield these excessive returns should be reduced to a basis which would afford only a normal commercial profit on the fair value of the property employed; that the present basis of rates, besides being excessive, is false and unjust, as it imposes widely-varying charges for nearly identical services. It is recommended, finally, that the entire system of express rates should be readjusted by the Interstate Commerce Commission.

Many perishable commodities used for food are shipped by express, and the maintenance of high rates of expressage has undoubtedly been a considerable factor in keeping up the prices of food. If the report made to the Merchants' Association is correct, the express companies could easily bear a reduction of about fifty per cent. in their present rates.

Besides, the politicians who gave the people the postal savings banks should now do something that would be of real public benefit. They should establish a parcels post that would go far towards relieving the business of the country from the exorbitant exactions of the express companies.

In France, a package may be sent by parcels post for any distance within the country for an unvarying rate; in Germany, the rate varies from a cent and a half for distances up to about forty-six miles to a little less than twelve cents for a distance of nearly 700 miles.

A writer in the "Technical World Magazine" recently pointed out that an eight-pound package, by reason of its weight, can not be sent by mail from New York to Boise, Idaho, but that a package of that weight can be sent to Boise by post from Berlin, Vienna, Rome, London, or from any other place in Europe for ninety-six cents. To send an eight-pound package from New York to Boise by express costs $2.20, or more than twice as much as the European consignor is required to pay.

It has been said that John Wanamaker, when Postmaster-General, declared there were three reasons against the establishment of a parcels post: First, the railroads; second, the railroads, and third, the railroads. He might well have said express companies instead of railroads, and perhaps he did. But it is suspected that the railroads are deeply interested in the ownership of the express companies.

The business of these companies is in need of wise and careful public regulation, such as would permit the return of

a fair rate of interest on the capital invested and at the same time assure reasonable rates.

THE STRAINING OF CREDIT

MANY explanations are offered for the crises which occasionally appear to check the growth of enterprise and business. We have seen none that states the real difficulty more clearly and forcibly than this, taken from an address delivered some time ago by Mr. WM. A. MACKIE, cashier of the First National Bank of New Bedford, Mass.:

"If the people will insist on continuous inflation, straining credit beyond its possible endurance, periodically something is going to drop."

In a country of such boundless opportunities for investment, it is not much to be wondered at that the hunger for more and more capital continues, even after the signs indicate that the available loanable funds are practically exhausted.

As was pointed out by Mr. ALEXANDER GILBERT, after the panic of 1907, only two courses were open—to continue to feed the inflation movement or to apply a brake to it. The emergency currency advocates evidently believe in the feeding process—the printing of practically unlimited supplies of paper "money," so that the inflation process may go on like TENNYSON'S brook. To apply the brake, to check the inflation process, so that business may sober up as it were, is less agreeable but undoubtedly wiser. "The brake," in this case, is manifestly the interest rate, but with our disjointed banking system, watered reserves and other weak factors, it is all but impossible to apply any check until disaster ensues.

"Something will drop," as Mr. MACKIE says, "if the people will insist on continuous inflation and the straining of credit beyond its possible endurance." But we see no evidence that the people or the banks mean to insist on anything else.

DEATH OF EMINENT FINANCIERS

RECENTLY death has claimed two men of exceptional eminence in the world of banking and finance—ex-Secretary JOHN G. CARLISLE and Mr. J. EDWARD SIMMONS.

Mr. CARLISLE was Secretary of the Treasury in Mr. CLEVELAND'S second Administration, and instead of going with his party in favor of free silver, he fought vigorously and effectively for sustaining the nation's honor and credit. The speeches made by Mr. CARLISLE in the campaign of 1896 against the free and unlimited coinage of silver were masterpieces of financial argument, and were in fact unanswerable. It is probable that few men, if any one, did so much as he to check the free-silver craze.

Although Mr. CARLISLE had long been out of public life, and was indeed politically discredited among his party associates for his stand against free silver, the honorable service he rendered his country should not be forgotten. Fortunately, he lived long enough to see that even his political enemies recognized his wisdom and foresight.

Mr. SIMMONS had been for many years president of the Fourth National Bank of New York, was formerly president of the New York Stock Exchange and at the time of his death president of the Chamber of Commerce of the State of New York. He also held numerous other positions affording him an opportunity of rendering faithful service to the public and where his knowledge of financial matters was especially valuable. He justly bore a high reputa-

tion among bankers and the commercial community, and was distinctly of that type of men who build up and conserve wealth. His judgment was held in great esteem by the clearing-house banks, and his wise counsels will be seriously missed.

PRICES AND PRODUCTION

MUCH ink has been shed of late to account for the prevailing prices—which most people regard as high, not always being careful to make comparisons with former periods when prices were not so much below the present level.

But admitting that the prices of most commodities are high, and admitting also that nearly all the explanations given for this condition contain more or less truth, the question arises, If prices are so high, why does not the law of supply operate to reduce the price level? Of course, many answers to this inquiry could be given. If we take farm products, it might be said that the manufacturing and urban population has increased so rapidly that the output of the farms can not keep pace with it, and that changed conditions have vastly enhanced the cost of farm labor.

In considering prices, the consumer always views the matter from the point of consumption; that is, the retail price. Even an advance in wholesale prices can not be taken as an accurate index of the rise of prices at the point of production. Indisputably there is a relation, and a close one, between the retail price of pork, for example, the wholesale price, and the price which the farmer obtains for his hogs. But this relation does not always appear to be properly proportioned.

It would seem that the great advance in prices, and especially of farm products, ought to have enhanced the profits of farming enormously and to an extent that would attract capital and enterprise into farming to a degree that would have measurably counteracted this rise in prices, if it would not have overcome it altogether. No doubt this movement of capital and enterprise toward the farms may have been hindered to some extent by the higher price of farming lands and the greater cost of labor; but after allowing for these, one might reasonably expect to see a vast increase in farming activity owing to the better prices for farm produce.

What, then, is hindering this movement? Can it be true that while the consumer finds that he must pay more for potatoes, flour, bacon, beef, etc., the farmer is not getting a fair share of this advance? Is too much of it going to middlemen, to the trusts, or being absorbed by costly methods of retail distribution? If this is the case, the law of supply will not have free play, for the chief incentive to increased production—greater profit—will be lessened.

After allowing for transportation and a reasonable profit to commission men, wholesalers and retailers, the prices of many things grown on the farm are so high that one would expect to see people rushing from the factories and the stores to go into farming as the most profitable business in sight. That this is not the case may indicate that the farmer is not getting his full share of the profits somebody is making on the commodities produced on the farm.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

CANADIAN BANKING AND COMMERCE — THE HALF-YEAR REVIEWED

By H. M. P. Eckardt

IN one or two respects the first half of 1910, in Canadian banking, has resembled the first half of 1907. In both years there was at the outset an important expansion of the domestic commercial loans; also the monetary situation in 1910 as in 1907 has shown signs of stringency, and the industrial and mercantile demand for loans steadily increased. However, the conditions of the two years are by no means identical, and those who fear that the second half will witness troubles similar to those experienced three years ago will do well to consider the points in which the present differs from the panic year.

In the first place there is a marked difference in the course of the deposits. The year 1907 began with a sharp downward movement of the deposits. This movement was more or less in evidence during the whole year. As a matter of fact it continued until the end of February, 1908, when deposits again turned definitely upwards. Throughout 1907 there was no statement date of the banks on which the total of their deposits reached the high level set at the end of the preceding year. It was the combination of the two movements—loss of deposits and expansion of loans—which quickly brought the banking institutions into a position that compelled them to liquidate loans and to cease making advances required for new construction or extensions by their customers.

In the present year, although loans have increased rapidly, there has been so far no net fall in deposits. The balance of deposits has continued to increase. Such measure of stringency as has been experienced has been caused in part by the fact that the growth of the deposits has not been quite equal to the increase of the loan account. During January and February, particularly in January, there is usually seen a reduction of the deposit balances. It is due primarily to the contraction of the check circulation, which always takes place when general business assumes its quiet mid-winter aspect. This year, however, the accumulation of deposits was resumed in March on such a scale as to place the total at the end of that month well above the total shown at the end of the preceding year.

The following table shows the position of the banks as at June 30, 1910, and December 31, 1909:

LIABILITIES.

	June 30, 1910.	Dec. 31, 1909.
Note circulation	$79,781,631	$81,325,732
Dominion Government deposits	16,257,010	8,204,717
Provincial Government deposits	29,575,438	24,592,223
Deposits of the public, (demand)	263,417,539	261,268,387
Deposits of the public, (notice)	534,432,054	499,082,024
Deposits elsewhere than Canada	85,017,152	75,088,499
Loans from other banks, Canada	4,128,191	4,420,738
Deposits of other banks, Canada	5,149,955	4,186,788
Due to banks in Great Britain	5,771,777	2,011,871
Due to banks in foreign countries	5,109,386	3,558,235
Other liabilities	11,684,258	7,236,868
	$1,040,324,464	$970,976,157
Capital paid	98,728,342	97,808,617
Rest or surplus	79,370,321	77,847,333
Profit and loss, etc.	12,402,178	11,151,522
Total	$1,230,825,305	$1,157,783,629

Assets.

Specie	$27,586,533	$27,456,690
Dominion Notes	74,349,645	73,225,789
Circulation redemption fund	4,942,846	4,554,938
Notes and checks, other banks	44,456,771	45,791,783
Loans to other banks, Canada	4,011,327	4,299,806
Deposits in other banks, Canada	8,526,815	8,740,953
Due by banks in Great Britain	21,919,472	7,295,757
Due by banks in foreign countries	24,242,023	24,114,082
Dominion and provincial securities	17,010,315	12,824,341
Canadian municipal, etc., securities	22,531,011	22,920,683
Railway and other bonds	56,567,789	50,051,831
Call loans, Canada	61,598,958	63,554,222
Call loans, elsewhere	130,173,902	138,505,379
Current loans, Canada	649,145,920	592,741,812
Current loans, elsewhere	38,471,443	40,072,793
Loans to provincial governments	1,774,740	3,080,086
Overdue debts	7,028,522	6,059,861
Real estate, other than premises	1,106,601	1,235,367
Mortgages on real estate	707,071	624,284
Bank premises	23,031,758	21,336,631
Other assets	11,641,656	9,296,356
Total	$1,230,825,305	$1,157,783,629

These foregoing figures show clearly enough that the half year has been one of satisfactory progress in the Dominion. The two principal classes of deposits of the Canadian public have increased altogether by $37,000,000, nearly all of the gain being in the notice deposits. The statement of this bald fact does not, however, illustrate fully the extent of and force of the forward movement during the period.

The end of December in every year finds the banking institutions with figures swollen by the activity of the grain moving season and the Christmas holiday trade. As remarked above, January invariably sees a sharp contraction of the instruments of credit in general circulation. This contraction affects chiefly the note circulation and the demand deposits. Sometimes the reaction enters into the month of February also. It did so in the case of the current account balances in the present year. To illustrate: During January, 1910, the demand deposits fell $23,000,000 and the note circulation $8,000,000. Then, in February the demand deposits fell $2,000,000, the note circulation rose $1,300,000.

The total volume of deposits, however, was not so greatly affected in January because there occurred also in that month an increase of $8,000,000 in the deposits outside of Canada and of $9,000,000 in the notice deposits.

But the last day of February represents the real starting point for the business of the year in regard to this matter of deposits. Taking it from that date the increase for the two items of deposits of the public, up to the end of June, amounted to $54,000,000; and in all classes of deposits the increase for the same four months was about $71,000,000. When it is considered that under ordinary or normal conditions the greater part of deposit increase occurs in the second half of the year this is to be taken as a favorable exhibit.

Why Deposits Increased.

As in the preceding year the explanation of the increase of deposits is to be found in three leading causes. They are: Issue of new securities by Canadian governments and corporations in London; immigration of well-to-do settlers from the United States and Europe; and expansion of the domestic mercantile loans of the banks. With regard to the first named of these causes the movement has proceeded on a scale probably equal to that seen in the first half of 1909. The "Monetary Times," of Toronto, estimates the total Canadian issues in London during the first half at about $120,000,000.

In the second half of the year there are, so far, some indications that the British market has had somewhat of a surfeit of Canadian bonds. At any rate, a number of issues of some importance were left upon the underwriters' hands to the extent of seventy or eighty per cent. and more. It remains to be seen whether this is a temporary glut. The best authorities here regard it as temporary. There will be continual need in the Dominion of financial support from Britain; and as the corporations seeking it are possessed of good credit in London, it seems reasonable to conclude that there will be no permanent cessation of the stream of funds this way across the Atlantic.

Possibly the receipt of new deposits by the Canadian banks through the opening of accounts by the new settlers has been on a larger scale this year than last. The settlers from the Western States were more numerous, and they brought with them more cash capital than ever before. The immigration from the States, however, occurs largely in the spring of the year. It is said that the unfavorable condition of the Western Canadian wheat crop this season is the cause of a return movement of settlers from Canada to the States; but as a matter of fact nothing can be pronounced on that subject until next spring. If the movement then shows a falling off, it may be taken as a temporary setback.

Inasmuch as much the same condition of dry weather damage prevails in Minnesota and the Dakotas, one such season in Saskatchewan and Alberta will hardly kill the desire of American farmers to possess the cheap and fertile Canadian lands. Difference in prices at which fertile lands can be bought in the States and in Canada is the real cause of the movement; and while that difference is as wide as it is to-day the pulling force exerted by Canada is likely to be in evidence.

The increase of deposits through expansion of loans has apparently been greater in 1910 than in 1909—for commercial loans (domestic) increased $57,000,000 this year as compared with an increase of but $24,000,000 in the first six months of 1909.

Increases of Capital.

In capital account the change has been but slight. A number of important banks have increased the amount of authorized capital, but so far the actual issue of new stock has not been large. If general conditions remain favorable during the second half of the year, it is expected that some large additions will be made to this account.

New Banks.

One new bank—the Bank of Vancouver—opened its doors in the half year. It appeared for the first time in the list of banks reporting to the Ottawa Government in the June statement. With an authorized capital of $2,000,000, it shows $611,500 subscribed and $291,995 paid up. The bank act requires a subscribed capital of $500,000 and a paid up capital of $250,000 before permission to begin business will be given.

Mergers.

Although no bank merger went into effect during the half year an important deal was announced. The Royal Bank of Canada entered into an agreement to purchase the stock of the Union Bank of Halifax. The agreement has yet to receive the shareholders' assent, but it is expected that that will be a mere matter of form. The agreement is to take effect on November 1, next. Upon its consummation the Royal will have assets of approximately $100,000,000 and some 185 or 190 branches. This marks the passing of the last Canadian bank with head office in the province of Nova Scotia.

Profits.

So far as profits are concerned, the reports issued during the first half of the year are not materially different from those of the preceding year. In

some cases they are a little below and in others a little above last year's level. But as the most of the important institutions report in the second half of the year, a detailed statement with comparisons will be deferred till the next half-yearly article is written. Owing to the measure of stringency that has prevailed, the earnings of the banks during the whole year 1910 should be better than those shown for 1909.

Commerce and Industry.

The several trade barometers have continued to point favorably. Bank clearings amounted to $2,842,020,698, as compared with $2,408,675,328 in 1909; $1,857,258,086 in 1908, and $2,074,992,271 in 1907.

Gross earnings of the three big Canadian railways compare as follows:

First six months:	1909	1910	Increase or decrease p. c.
Canadian Pacific	$35,353,000	$43,982,000	+24.4
Grank Trunk	18,219,863	21,656,136	+18.8
Canadian Northern	6,401,000	5,955,700	— 6.9
	$59,973,863	$71,593,836	+19.3

The foreign trade is tending sharply upwards and it is expected that a total of $800,000,000 will be reached if no check is experienced before the end of the year.

At the beginning of the year the outlook was especially bright. There had been an increase of 2,359,300 acres in the area of all field crops planted. The wheat area in the three Western provinces increased from 7,103,300 acres to 8,453,200 acres, and great expectations were cherished until about the middle of July, when it was seen that the drouth had done much damage to the prairie provinces. It might be said that trade and industry for the whole of Canada got much of their impetus from the good crop outlook at seeding time.

As everybody knows, a considerable change came over the situation with the advent of July—so far at least as the Western wheat crop is concerned. It is to be expected that the modification of the estimates of yield in the West will cause some slackening down of industrial business in Eastern Canada and perhaps in the volume of the import trade, but at the same time it is to be remembered that in Ontario and Quebec and in the East generally agricultural conditions are excellent.

There was a short spell of dry weather, but it was broken before any serious damage was done; and since then the rains have been coming at satisfactory intervals. So the fall wheat, the pastures, the corn, roots and vegetables, fruits, etc., have been making good progress and results on the whole have been highly satisfactory. The Grand Trunk strike has, however, inflicted injury upon the localities depending upon that railway system for transportation of products to market and upon the large industrial centers as well. If it is prolonged and if the company is unable to make satisfactory progress in moving its freight the loss will be very large indeed.

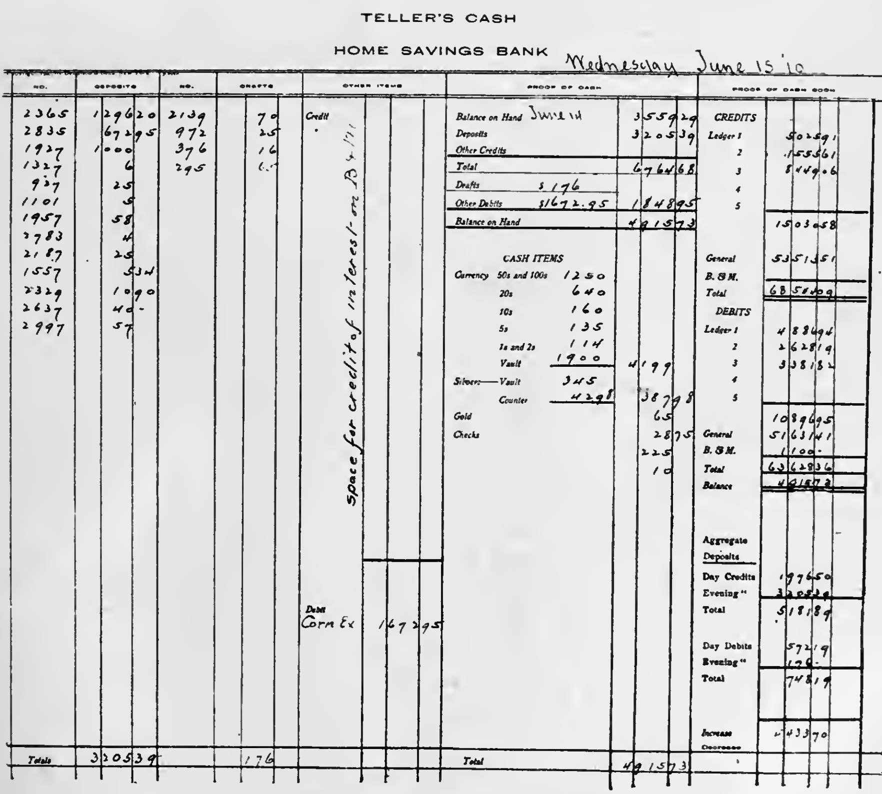
From the foregoing it can be seen that the immediate future is somewhat uncertain. The tendencies noted do not all pull in the direction of prosperity, and there are some who consider that the heavy fall in stock prices in New York and in the Canadian markets may indicate that a depression of some sort is in prospect. But, of course, as to the longer outlook there is no difference of opinion in the Dominion. Bankers, other financiers, manufacturers, merchants, farmers have the strongest confidence that prosperity and progress will be the dominating factors.

THE TELLER AND HIS CASH

By W. H. Kniffin, Jr.

BY law, all banks of discount are required to carry a minimum cash reserve and the character of that reserve is usually stipulated. But mutual or trustee savings banks are not, as a rule, restricted as to the *minimum,* but quite generally a *maximum* reserve is named. The character of that reserve is not defined, and it is usually in bank credits. The amount of such credits in other banks is also limited, but as to the cash on hand, it is a matter of judgment, and is left to the discretion of the bank officials. Thus in New York City, a national bank is required to keep a reserve of twenty-five per cent. of its deposits in actual cash in its vaults, and in "lawful money," of which national bank notes may *not* form a part. A State bank must keep a reserve of twenty-five per cent., of which two-fifths must be in cash, and a trust company fifteen per cent., all in cash, of which national bank notes *may* form a part, while the savings banks are forbidden to keep *more than ten per cent.* of their deposits either in cash or on deposit.

Not more than twenty-five per cent.


TELLER'S CASH

HOME SAVINGS BANK Wednesday June 15 '10

No.	Deposits	No.	Drafts
2365	1296 20	2139	70
2835	672 95	972	25
1927	1000	376	16
1327	6	295	65
927	25		
1101	5		
1957	58		
2783	4		
2187	25		
1557	5 34		
2329	10 90		
2637	40 -		
2997	57		
Totals	3205 39		176

Other Items: Credit — Space for credit of interest on B+M; Debit — Corn Ex 1672 95

Proof of Cash

Balance on Hand June 14		3559 29
Deposits		3205 39
Other Credits		
Total		6764 68
Drafts	$176	
Other Debits	$1672.95	1848 95
Balance on Hand		4915 73
CASH ITEMS		
Currency 50s and 100s	1250	
20s	640	
10s	160	
5s	135	
1s and 2s	114	
Vault	1900	4199
Silver—Vault	345	
Counter	42 98	387 98
Gold		65
Checks		28 75
		2 25
		10
Total		4915 73

Proof of Cash Book

CREDITS	
Ledger 1	5025 91
2	1555 61
3	8449 06
4	
5	
	15030 58
General	53513 51
B. & M.	
Total	68544 09
DEBITS	
Ledger 1	4884 94
2	2628 19
3	3381 82
4	
5	
	10894 95
General	51631 41
B. & M.	1100 -
Total	63628 36
Balance	4915 73
Aggregate Deposits	
Day Credits	1976 50
Evening "	3205 39
Total	5181 89
Day Debits	572 19
Evening "	176 -
Total	748 19
Increase	4433 70
Decrease	

Form 1—Teller's Cash Proof designed and adapted to banks running with but one teller. Can be expanded to suit the needs of banks up to about $5,000,000 assets and $15,000 open accounts. Home Savings Bank, Brooklyn

CONNECTICUT SAVINGS BANK
OF NEW HAVEN

Receiving Teller's Summary Feb. 31. 1908

CHECKS DEPOSITED				
11 91	Cash at beginning of day,		15322 97	
5 44	Deposits,	23930 11		
1680 22	less Transfers,	710 46	23219 65	
813 90			38542 62	
719 05	Less Checks deposited,		3329 52	35213 10
3329 52	On hand at close of business,			
	Bank bills,			
	Packages,	15525		
	100s and 50s,	4950		
	20	11220		
	10	1710		
	5	735		
	2	222		
	1	191	24053	
	Coin Rolls,	434.50		
	Gold,	1872.50		
	Silver Dollars,	22		
	Halves,	70.50		
	Quarters,	28.75		
	Tens,	3.40		
	Fives,	3.05		
	Cents,	71	2435 41	
	Checks,	079 50		
		42 50		
		600		
		410		
		225		
		229 46		
		618 59		
		1 25		
		430 10		
		138 29	8724 69	35213 10

Form 2—Teller's Cash Summary. Receiving Teller. Connecticut Savings Bank, New Haven, Conn.

of the capital and surplus of a depository bank may be placed in any one institution. The cash on hand may be as little or as much as necessity demands,—the intent being that no great part of savings bank money shall remain idle or uninvested according to law. According to the last report of the New York State savings banks, to meet deposits aggregating $1,483,449,494.00, the banks held cash on hand of but $9,847,995.00, or .0065,—a trifle over one-half of one per cent., and on deposit in addition to this sum, $79,021,564.00 was subject to call, making a cash reserve of about six per cent.

Any Kind of Money—But Good.

The teller of the commercial bank must concern himself not only with the *amount* of cash on hand, but the *variety,* and if he works in a national bank must keep the different kinds of money separate. The teller of a savings bank, however, need not worry about the varieties of money, and can give due attention that it shall all be good money and correct in amount. It matters nothing to him what kind he takes in and least of all what kind he pays out. Money is money. And it need not be kept in packages convenient for making up pay rolls, for he makes up no pay rolls. He can strap his money as he pleases, but should endeavor to conform to custom in his locality, so that it may not cause undue annoyance to his depository bank and customers. A uniform method of strapping bills and wrapping coin is much to be desired,

and is coming to be given attention in banking circles.

The notion that savings bank tellers are merely figureheads and do little or nothing in the line of handling money is erroneous. As a matter of fact, it is doubtless true that the tellers of a large bank like the Bowery, or Bank for Savings, or Emigrant Industrial, in New York, handle as much real money as the tellers in large commercial banks. The cash transactions for the Bowery in 1909 were over $44,000,000—or nearly a million a week, and all in coin of the realm.

The Overs and Shorts.

In small banks, one man, or it may be several, have access to the cash and receive and pay over the counter. This is so of necessity. This, of course, makes it difficult to trace an error, or to place the blame, for in the language of Nast's famous cartoon, one may point to the other and say, "'Twasn't me; 'twas him."

In large banks, where the work is properly apportioned, and the receiving and paying entrusted to designated men, an overage is usually "up to" the receiving teller, and a shortage quite likely to be an error on the part of the paying teller. Some banks run an "over and short" account, while others make the tellers responsible for their own errors. Some banks run a "suspense account" on the deposit ledger, to which overages are credited and to which shortages are charged.

Inasmuch as cash over is usually an

CONNECTICUT SAVINGS BANK
OF NEW HAVEN

Paying Teller's Summary Feb. 31 1908

Checks Drawn					
		Cash at beginning of day,	6440.20		
		Checks drawn,	1905.33	8345.53	
250		Payments,	4931.87		
111	17	less Transfers,	821.70	4110.17	4235.36
000					
300		On hand at close of business,			
244	16	Bank bills,			
905	33	Packages,	1950		
		100s and 50s,	1050		
		20	220		
		10	210		
		5	225		
		2	70		
		1	57	3782	
		Coin Rolls,	24.50		
		Gold,	40		
		Silver Dollars,	11		
		Halves,	22		
		Quarters	10.25		
		Tens,	3		
		Fives,	1.25		
		Cents,	1	113	
		Checks.	1.		
			125		
			27		
			14.09		
			7		
			56.27	340.36	4235.36

Form 3—Teller's Cash Summary. Paying Teller. Connecticut Savings Bank, New Haven, Conn.

CASH RECORD, Thursday June 16. 1910

Checks and Other Items Held as Cash. Our Number.	Amount.
18276	100
9762	50
10757	1000
7676	325
18277	515
18279	10
18284	25
	2025

CASH ITEMS.*	AMOUNT.
Currency in Safe,	1000000
" " Drawer,	325000
" received during the day,	878200
Gold Coin in Safe,	32000
" " " Tray,	5000
" " received during the day,	7500
Silver Coin in Safe,	23000
" " " Tray,	9562
" " received during the day,	1800
Other Minor Coin in Safe,	875
" " " " Tray,	796
" " " received during the day,	352
Total Currency and Coin on Hand	2284085
Checks and other items held as Cash,	2025
TOTAL CASH ON HAND.*	2486585

BALANCES ON DEPOSIT IN BANKS OR TRUST COMPANIES.*	
NATIONAL EXCHANGE BANK,	1076259
MERCANTILE TRUST COMPANY.	875709
ALBANY TRUST COMPANY,	2507619
FIRST NATIONAL BANK,	5076702
TOTAL CASH ON HAND AND IN BANKS OR TRUST CO'S.*	12022874

PROOF OF CASH ON HAND.	
General Cash Balance.*	2486585
Total Cash on hand.*	2486585

This space for noting difference, if any, in cash, and correction of same.

SUMMARY OF TRANSACTIONS WITH DEPOSITORS FOR THE PERIOD

BEGINNING (AT OPENING OF BUSINESS), AND ENDING THIS DATE.*

Amount due Depositors at the beginning of the period.	567689209
" received from Depositors during the period,	2576801
" of Interest credited to Depositors during the period,	10576205
	580842215
Amount paid to Depositors during the period.	876709
" due Depositors this date.*	579965506
Number of Depositors' Accounts open at the beginning of the period	10.762
" " " " opened or re-opened during the period,	85
	10847
Number of Depositors' Accounts closed during the period,	53
" " " " open this date.*	10.794
Number of Deposits received during the period,	895
" " Payments to Depositors during the period,	542

REMARKS:

Form 4—Cash Record. Teller's Cash Summary and Record of Transactions with Depositors, both number and amount. Albany Exchange Savings Bank

error in making tickets (as frequently happens in small banks where no check is placed upon such work), or money taken in for which no ticket is made (as also sometimes happens), and such money belongs to *somebody*, the proper course, if the system permits such errors, is to open account to take care of the items, and in due time the proper entry is made when the book turns up with the omitted deposit. This is not to say that such practices should be encouraged, or even permitted, but as a matter of fact they are.

As evidence of how few and insignificant are such in well-regulated banks may be cited the instance of the Bowery, which reports deficits in 1909 of but $337.11 out of forty-four millions handled; the Bank for Savings, handling about thirty-five millions reports $678 "loss at the counter," while a very small bank newly opened whose transactions in cash amounted to about two millions in three years had but one dollar overage.

If these items were put through the deposit ledger, they would not appear in the reports. It has been held with no little degree of wisdom that to make a man responsible for his shortages is to open the temptation to reimburse himself from the overages. And if such errors are reported and recorded against him, this is all the penalty necessary to insure careful work.

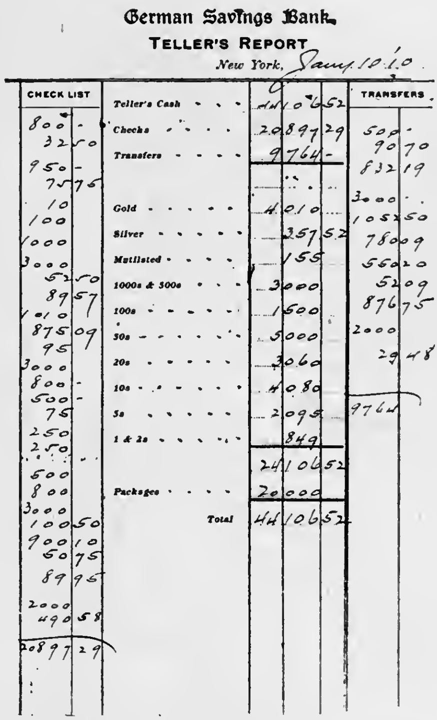
The Art of Counting Money.

In the handling of money, a few general and well established rules may be opportune. First: Count your money; count *all* your money; count *all* your money *all* the time. Take this instance: Upon receiving a large amount in packages from another bank, one package was inadvertently placed in the vault without proving, where it laid for some weeks, when it was taken out and placed in the drawer, and found to be ten dollars short. The bank that strapped the package refused to make good after so long a time, and it cost the teller just ten dollars.

Second: If uncertain about the count, especially in paying, count it twice, or thrice. It will be time well spent.

Third: Always prove package money *after* strapping. Date the packages and initial them.

It cost another teller just one hundred of his salary to learn this trick. Upon strapping money, he took from piles of one hundred each, *six* hundred and made a package of *five* hundred, and the other *four hundred* he labeled likewise *five* hundred. He, sure that only one thousand was on the counter,



German Savings Bank

TELLER'S REPORT

New York, Jany. 10. 10

CHECK LIST	
800	-
32	50
950	-
75	75
10	
100	
1000	
3000	
52	50
89	57
1010	
875	09
95	
3000	
800	-
500	-
75	
250	
250	
500	
800	
3000	
100	50
900	10
50	75
89	95
2000	
490	58
20897	29

Teller's Cash	44	106	52
Checks	20	897	29
Transfers	9	764	-
Gold	4	010	
Silver		357	52
Mutilated		155	
1000s & 500s	3	000	
100s	1	500	
50s	5	000	
20s	3	060	
10s	4	080	
5s	2	095	
1 & 2s		849	
	24	106	52
Packages	20	000	
Total	44	106	52

TRANSFERS	
500	-
90	70
832	19
3000	
1052	50
780	09
550	20
52	09
876	75
2000	
29	48
9764	

Form 5—Teller's Cash Summary. German Savings Bank, New York

did not prove his strapping and shortly afterward handed somebody the package with the one hundred too much. Subsequently, still unconscious of the error, he handed the short package out for five hundred, when the shortage was discovered. Six and four make ten, as well as twice five! He now counts *all* his money, *all the time*, and especially when he straps packages.

Silver, when deposited in rolls, may

Receiving Teller's Proof *Jan'y 15, 1910*

DEPOSITS	20890 10	Deposited, 1st Nat'l, Paterson	6575 02
Certificates Issued	750	" " New York	5790 –
All other Receipts	130	Transfers	
	257 50	Balance, Paid to Paying Teller	9797 58
	135		
	22162 60		22162 60

Certificates Issued

898	50
899	30
900	100
901	150
902	350
903	70
	750

Sundry Receipts

Interest	
575	25
672	100
594	80
225	52 50
	257 50
Foreign Drafts sold	
	10
	20
	80
	25
	135

Sundry Receipts

Forward	
Rents	30
	50
	50
	130
Miscellaneous	

THE PATERSON SAVINGS INSTITUTION

TRANSFERS

Cash Checks

10
15
25
100
90
18 75
37 50
25 –
5
18 75
10 50
16
12
200
150
95
828 50

CASH

Checks	828 50
Bills	8228
Gold	515
Silver	210 50
Nickels and Cents	15 58
	9797 58

Form 6—Receiving Teller's Proof. Paterson Savings Institution, Paterson, N. J.

be initialed, or numbered with the account to which the amount was credited. The proper method for counting bills was discussed in a previous number, suffice it here to say, use as few motions as possible in handling paper money; count by the multiple system, and strap but one denomination together.

In large banks, running receiving and paying departments, the cash is usually in charge of a superior officer, who doles it out as needed in the business. The receiving teller, after reserving barely enough to make change, or none at all, turns his receipts daily over to this officer, or to the paying teller, who draws from the reserve supply as the demands require.

Paying Teller's Proof December 10 1909

BALANCE brought forward	1087602	DRAFTS	357919
Received from Receiving Teller	576809	Certificates Paid	358
Checks on 1st Nat'l, Paterson	3502	All other Payments	90
" " " New York	2896	Deposit, 1st Nat'l, Paterson	589675
Miscellaneous Receipts	300	" N.Y.	3000
Transfers	850		
		BALANCE	1126817
	2419211		2419211

Checks Issued

First Nat'l Bank, Paterson	
325	
87	50
90	
185	
2000	
500	-
314	50
3502	00

Miscellaneous Receipts

Rent	100
	100
	50
	50
	300

Cash Checks

8	95
300	
75	
8	75
500	
1010	
350	
80	
100	
50	
100	
500	
75	
1000	
441	94
4599	64

THE PATERSON SAVINGS INSTITUTION

Certificates Paid

76750	8	00
78579	50	
76825	300	
	358	

All other Payments

Salary	90 -

First Nat'l Bank, New York	
896	
2000	
2896	-

TRANSFERS

#20976	350
21352	500
	850

CASH

Bills	5798	
Gold	525	
Silver	326	
Nickels and Cents	19	53
Checks	4599	64
Foreign Money		
Expense		
Treasurer		
	11268	17

Form 7—Paying Teller's Proof. Paterson Savings Institution, Paterson, N. J.

The Journal.

The problem of the receiving and paying teller, or the two offices combined, resolves itself into having a deposit ticket for every transaction, and correct in amount, and a receipt for every payment, corresponding to the amount paid out.

In summarizing these receipts and payments, no better scheme was ever devised than the teller's cash, which is intended to be a quick, accurate and comprehensive account of the day's business. In the smaller banks, it is quite common to adhere to the journal-cash book, cumbersome and slow, with full details of each transaction.

The usual details are, number of ac-

count, name, in full or abbreviated, amount of deposit or draft, and the same properly distributed among the groups. This book has its place, and will be fully treated later, but it is too slow a method of proving the cash. The point now is, to get a quick proof of cash. And it is very plain, that, say in a day of five hundred transactions, to write up the journal-cash, with all the details, add the amounts, and strike a balance before the cash can be proven

The attention of the reader is especially directed to this form, which is in many ways the best of its kind that has come to the writer's attention. It affords a simple yet complete proof of cash and also acts as a check on the journalizing.

In its present form it is intended for use in only those banks where the receiving and paying is done through one window (or where the proof of receiving and paying is not separated, which

UNION DIME SAVINGS INSTITUTION in account with DEPOSITORS,

on the Morning of AUG 4 1908, before the Beginning of business.

Dr.					Cr.				
Total registered by Machine No. 1	169	613	832	54	Total registered by Machine No. 2	173	325	556	83
Total registered by Machine No. 3	39	619	579	69	Total registered by Machine No. 4	29	425	873	78
Total Deposits received since organization	209	233	412	23	Total Drafts paid since organization	202	751	430	61
Total Interest Dividends credited since organization	19	078	325	80	*Balance due Depositors*	25	560	307	42
	228	311	738	03		228	311	738	03

Balance due Depositors beginning of Month.

Form 8—Teller's Proof of Cash Receipts and Withdrawals; also proof of amount due depositors. See text. Union Dime Savings Institution, New York

is neither necessary nor desirable. And to properly enter the items, and group them correctly and obtain a quick proof is absolutely impossible.

How much better, therefore, to simply take the cash balance of the day before, add the credits and subtract the debits, and arrive at the proper amount quickly. This can be done by adding machine or by hand, and when cash has proven, journalize the items at leisure, either in detail or in totals. The point is, proof of cash is the important and pressing thing and the less the book work in arriving at this proof, the better.

The Teller's Cash.

The teller's cash sheet shown in Form 1 is the result of long experience in these matters and may be adapted to any bank of any size.

amounts to the same thing). The operation is as follows: As the deposits and drafts are handled, they are listed without regard to sequence, in the deposit and draft column, by number and amount, only. When the doors are closed, the columns are added and the amounts carried to "Proof of Cash" column, which starts with the cash on hand of the previous day. The cash is counted and listed as counted, in the proper places and footed, and if the count agrees with the amount called for above, the work for the day is over.

The next morning the deposits and drafts are posted to the journal, either in bulk or itemized. The different ledgers are separated on the journal (see next paper for full discussion of this subject) and footings carried along until the end of the month. The total

amount received for the fifteen days past as shown in the form, less the amount paid out during that time, must equal the cash on hand,—providing the items have been properly entered. These totals are carried to "Proof of Cash Book" column, and a balance struck, which must agree with the cash on hand, or a mistake has been made in entering or footing. Thus we have a triangle, and one process checks the other, and the only error possible is in distributing the items to the wrong ledger column, which throws the next trial balance out of proof. This can be verified by running through the items to see that such error has not crept in. A thorough test of this sheet, and its admirable adaptability to small banks has amply demonstrated its value, and it is most heartily recommended for this purpose. As will be seen it is a copyrighted form.

Perhaps the most unique system extant, in this connection, is that of the Union Dime Savings Bank, New York, in which all pass book entries are made by adding machine. The machines run continuously, as will be seen by perusal of Form 8. The deposits, as received, are listed on the machine, and at the same time on the pass book, and the totals automatically footed. Starting at the opening of business with a certain amount, and running through the day, the total shown on the machine at the close, less the amount at beginning, is the cash required.

Four machines are used, two for paying and two for receiving. As will be seen from Form 8, the totals on these machines added together represent the receipts of the bank from the beginning of its history, and also the payments; these items, together with the interest credited, subtracted the one from the other represent what is due the depositors at a given time.

Checks.

Checks received on deposit are carried as cash over night, or turned over to the proper officer and by him deposited in the depository bank, after making due record as has already been explained. Some banks do not hold checks over night, but deposit every day, even in very small banks. In New York only cash is carried over the last days of June and December, the banking department requiring that every check held as cash be explained in full on the reports.

A MORTGAGE LOAN REGISTER FOR SAVINGS BANKS

By O. H. P. La Farge, Secretary The Bank for Savings in Seattle

THE necessity for an accurate record of the mortgage loans of a savings bank is at once apparent to every banker. A record which is complete and easily read at a glance is often sought for, and not so easily found. Loan records are not complete unless there is a record of all notes and coupons, if such are used; also all papers used in making the loan, all of which are held by the bank. It is not always essential, but a great advantage, to show in the record book the recording of deeds, expiration of insurance papers and such records of minutes as may have been passed relative to the loan.

The mortgage loan register of any bank making a large number of records is in constant use at all times of the day and must be always in a position that will make it easy to refer to. Conciseness, therefore, is more easily established by the use of one volume than by the use of two or three. The average mortgage loan record sold in stock by stationers and supply houses is of very small dimensions and has no reasonable allowance made for complete records. It is usually printed for the recording of farm loans entirely. For a book which is really the heart and soul of the savings bank, the ordinary register is very meagre. The writer, after many attempts to find a register complete for

THE BANK FOR SAVINGS

NO. OF LOAN	DATE OF NOTE	MAKER OF NOTE	ADDRESS	AMOUNT	TIME	RATE	ASSUMED BY	ASSIGNED TO	ADDRESS	DESCRIPTION OF PROPERTY	MORTGAGE FILED			APPRAISED VALUE		
											DATE	VOL.	PAGE	LAND	IMPROV.	TOTAL
2001	FEB 27 1908	John Smith Mary Smith	Hot Spring St. City	7000	2 yrs	6%				Lot 2, Block 51. John H Eddy's addition to the City of Seattle	Feb 27 1908	316	7	15000	3550	18550
[illegible]																

Figure 1—Left Hand Page

MORTGAGE LOAN REGISTER

INSURANCE POLICIES				LOAN PAPERS						APPLICATION ACCEPTED MINUTE BOOK		NO.	INTEREST COUPONS						PRINCIPAL		REMARKS
COMPANY	AMOUNT	TERM	EXPIRATION							DATE	PAGE		WHEN DUE	AMOUNT	WHEN PAID	NO.	WHEN DUE	AMOUNT	WHEN PAID	DUE	PAID	
London Assurance Corporation Washington Fire Ins. Co.	2000 1800	3 years	Oct 17 1910 Feb 27 1911	1	1	1	2	1	1	FEB 20 1908	8	1 2 3 4 5	June 1 1908 Dec 1 1908 June 1 1909 Dec 1 1909 Feb 27 1910	108.50 210 210 210 70.80	MAY 29 1908 NOV 30 1908 MAY 28 1909	9 10				FEB 27 1910		

Figure 1—Right Hand Page

the details needed, had a register made for the bank with which he is connected, illustration of which is given herewith. This register has proved so successful, not only in its completeness, but also in its size and adaptibility for handling, that a description of it may be valuable to other banks.

The papers generally in use in a mortgage loan and necessary for the mortgagee to care for, are abstracts of title, mortgage deed, insurance papers, appraisal, opinon and application. The abstracts of title give the legal description, plenty of room for which should be left in the record. Spaces are left for the appraiser's report, usually independent of whatever report may be attached to the application, the attorney's opinion of the title and finally the mortgage deed, insurance papers and the original signed application for the loan. Enough is left in this record for a portion of the most valued information to be obtained from these papers, besides an itemized list of coupon notes and dates due (when coupon notes are used). Thus, at a glance, as may be seen by Figure 1, the whole record is present in its entirety. Plenty of room has been used for the use of date stamps and for the use of such other stamps as may be necessary. In recording of deeds there is room provided for date, volume and page in the county records, so that in case of question, the legal records may be found at once. The date of the minutes of the meeting at which loan was passed upon, also the page in the minutes, has a space, this being of great value to directors or examining committees.

Loan No. 200 Amount 7000.00

Real Estate Loan

of

John Smith et ux

408 Spring St City

PROPERTY

Lot 2, Block 51
John H. Eddy's Addition
to City of Seattle

Dated FEB 27 1909 19__

Matures FEB 27 1910 19__

Interest at ______%

Land Value 15000.00

Improvements 3550.00

Total 18550.00

Insurance 4800.00

THE BANK FOR SAVINGS
IN SEATTLE

	CK.	TAKEN OUT			BY WHOM	RETURNED	
Abstract	✓						
Appraisal	✓						
Application	✓						
Insurance Policies	✓	June	3.	1908	L.F.	[illegible]	09
Mortgage Deed	✓						
Opinion	✓						

Figure 2

Loan No. 200 Amount 7000.00

Real Estate Loan

of

John Smith & Mary Smith

Address 408 Spring St. City

DATED February 27th 1908

DUE February 27th 1910

Interest Payable
Semi-Annually
Dec. 1 and June 1
at 6 %

THE BANK FOR SAVINGS
IN SEATTLE

Figure 3

Insurance expirations are minutely kept in a record book on record cards, but enough is given here to enable ex-

pirations to be looked after. The checking of the actual papers received is also cared for on the document file, so that papers taken out may be entered thereon and also the date of their return (see Figure 2). Notes are kept separately in note files similar to Figure 3.

The size of the pages of the book in use by the writer are 12x22¼ inch, 100 in a volume, allowing seven loans to each page and a space 1½ inches in width to each loan. The sheets are made of heavy ledger paper, and the whole book bound in heavy linen. This size and shape makes a long book, not too heavy, very easy to read and easily referred to on the counter.

The mortgagee enters all his records at once when the loan is made and by dating the periods at which interest has been paid his records are complete at all times for him to refer to.

NEW YORK SAVINGS BANKS SHOW LARGE GAINS

WITH the exception of the year 1905, when the net gain in deposits was $93,775,724, and the year 1909, when the gain was $87,006,167, the year ending July 1, 1910, shows the largest gain in deposits the New York savings banks have ever known. The deposits for the twelve months amount to $405,176,261.96, of which $377,028,477.96 was paid out, leaving an increase over the counter of $28,147,784.00, to which was added by the automatic credits of dividends, nearly twice as much, $53,828,625.03, making the total gain $81,976,409.03.

Of the total amount on deposit ($1,526,935,581.84), the banks of New York and Kings Counties hold over two-thirds, or $1,043,472,069.30, and of the net gain these banks furnished $54,496,910.61, or about two-thirds.

Out of the 142 banks reporting, ninety-five paid four per cent., nine paid three and one-half and four per cent., ten paid three and four per cent., twenty-six paid three and one-half per cent. and one paid three per cent., while one recently started did not declare its first dividend. All the banks in Kings County, of which there are twenty-one, paid four per cent., while twenty-one out of thirty-three in New York paid the four per cent. rate. The reduction in the dividend rate did not have such disastrous results as were anticipated. The five banks which made the cut in December, thus affecting the subsequent six months' business, report deposits for the half year of $36,808,017.06, and payments of $41,684,870.78, a loss of $4,876,853.72. The largest loss was $5,464,552, while two banks made quite satisfactory gains, reducing the loss for the group as above stated.

The accounts opened during the year total 531,454, and those closed out, 431,055, a gain of 100,399, making a total "membership" in the savings banks of 2,886,910.

Thus far the high cost of living does not seem to have seriously affected the volume of business, although it has doubtless reduced the number of small deposits. The deposits show a gain of $29,577,756 over the twelve months ending July 1, 1909, and $14,466,792 over the year 1909, while the withdrawals were $16,095,560 *more* than from July, '08, to July, '09, and $20,160,582 *more* than for the year 1909 as a whole, which would seem to indicate that the good results above set forth have come about through increased deposits that have more than counterbalanced the heavy withdrawals.

BIG INCREASE IN SAVINGS DEPOSITS

DESOURCES of the 142 savings banks in New York State increased $88,488,767 during the year ending July 1 last, and now total $1,676,416,322, according to the statement of Superintendent Cheney of the State Banking Department. The number of open accounts increased by 100,396, while the amount deposited showed an increase of $429,577,767 over the previous year. A shrinkage of values in the securities market caused a consequent decrease in the surplus of the

savings banks on market values of stocks and bonds of $7,446,833. Deposits exceeded withdrawals by $88,-147,795.

BROOKLYN, N. Y. August 2, 1910.

Editor Bankers Magazine:

DEAR SIR: I have for several years been a depositor in the East Orange Savings Bank in New Jersey. The book bore my name and that of my daughter. We could each withdraw money on presenting the book the signature of either one only being required.

Having now removed to Brooklyn I am desirous of depositing in some institution here on the same conditions but have been refused at three different places. We are asked to sign a contract by which one becomes as much the owner of the funds as the other, although my daughter does not propose or wish to make any deposits or become in any way the owner of the money which I deposit. We simply wish to provide a way to draw the whole or part when it might be inconvenient or impossible for me to do so. I am told that such a contract as I have named is necessary to protect the bank but this is not asked for in at least two savings institutions in New Jersey as I know from experience.

C. P. B.

Answer: Savings banks in New York open three classes of accounts, other than accounts with societies and accounts under order of court, as follows:

(1) Single name accounts, payable to the individual named therein, or on his order in writing, or upon power of attorney properly executed; at death the balance is payable to the legal representative; (2) joint accounts, payable to either during life and the balance due at death belongs to and is payable to the survivor; (3) trust accounts, which under a later ruling of the Court of Appeals come under the rule:

"A deposit by one person of his own money in his own name as trustee for another, standing alone, does not establish an irrevocable trust during the lifetime of the depositor. It is a tentative trust merely, revocable at will, until the depositor dies or completes the gift in his lifetime by some unequivocal act or declaration, such as delivery of the book, or notice to the beneficiary. In case the depositor dies before the beneficiary without revocation, or some decisive act or declaration of disaffirmance, the presumption arises that an absolute trust was created as to the balance on hand at the death of the depositor." Matter of Totten, 179 N. Y. 112.

The latter account gives the depositor absolute control of the money during life and at death it goes to the beneficiary without cost or delay. Outside of these three rules, you will not be able to find a savings bank that is willing to enter into special agreement with you, and your object may be accomplished in either of two ways: (A) Open a joint or trust account in the name of yourself and daughter and enter into agreement with her as to the disposition of the fund after death, with which, of course, the bank will have nothing to do. Or (B), open a single name account and give your daughter checks as you need money, or better, a power of attorney, which will give her the right to draw any or all at will, but the power ceases at your death. Judging from your letter, the latter would meet your case fully.

THE AMERICAN ASSOCIATION OF COMMERCE AND TRADE, BERLIN, GERMANY

THIS organization, an American Chamber of Commerce, was founded seven years ago by Americans and is run by Americans on American lines for the purpose of promoting American trade with Germany and German trade with the United States. It is prepared to assist American firms to start branches in Germany. The organization has the largest and most complete American reading-room in the Empire, thirty daily American papers and 150 trade publications, all United States government reports and statistics, all the directories of the leading American and German cities, all the principle telegraph codes, all of which it places at the disposal of American business men and American travelers visiting Berlin. The association appeals to all American business men intending to do business in Germany whether temporary or permanent. It deserves the unqualified support of American business firms, as it can help them as no other institution or commercial agency can. Information given regarding business conditions in Germany, agents found, inquiries answered thoroughly and satisfactorily and firms actively assisted in establishing branches in Germany.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

NEW CAPITAL ISSUES IN GERMANY

ACCORDING to a compilation made by a leading German newspaper, the amount of new capital applications in Germany for the first half of 1910 were $500,555,000, par value, compared with $568,235,000 for a like period last year.

In Germany it is a growing practice for the banks to bring out securities without public subscriptions, so that it is not possible in all cases to obtain the amount of the issue or how much of it has been taken by investors.

BANKING PROFITS IN GREAT BRITAIN

GREAT BRITAIN seems to be having a general trade revival, which reflects itself in added profits to the banks. Recent reports of the foreign trade indicate that previous high records have been surpassed, and the earnings of industrial and railway companies have lately shown marked gains.

Commenting of the bankers' profits for the first half of 1910, the London "Bankers' Magazine" says that "The first half of the present year has proved to be an exceptionally favorable one for bankers. Throughout the period conditions have favored their operations, and in every department they have gained." The enhanced prosperity of the banks has been due to several factors. Money rates have been fairly maintained, trade has steadily revived, and there has been unusual Stock Exchange activity.

BRITISH CAPITAL INVESTMENTS

FOR the first half of 1910 British subscriptions to new loans and companies reached £139,000,000, indicating a probable total of £250,000,000 for the entire twelve months. Commenting on the present state of British investments, "The Statist" (London) says:

A few years ago home Government and municipal loans were made on a great scale for purposes mainly unproductive, large sums of capital were also subscribed for British railways, and the outlays upon house building were of vast extent. As these expenditures added little to the productive power of the country, they gave cause for anxiety lest the nation's income should in future grow more slowly than previously. But in recent years all this has changed; borrowings for the British Government for unproductive purposes have stopped, municipal loans have been greatly reduced, our railways have discovered new methods of operation which enable them to deal with their growing traffic without any appreciable expenditure of new capital, and the expenditures upon new houses have been reduced to what is necessary. On the other hand, capital expenditures for purposes which will greatly increase the income of the nation are now greater than ever before, our reproductive industries are rapidly expanding, and our investments in other countries, the income from which will give us power to command increasing supplies of primary products, have never been greater than they now are.

THE CREDIT FONCIER BANK

THE London "Statist" says that recently the Crédit Foncier Bank held a special meeting to approve of modifications in the statutes authorized by the Government. Hitherto the bank has been authorized to receive deposits, with or without interest, for a sum not exceeding 100 million francs. The limit is now raised to 125 millions. The capital forming the guarantee of the mortgage and communal bonds issued is fixed at 200 million francs, and the amount of bonds in circulation must not exceed twenty times that sum. As that limit is now approached, the Government has authorized an extension to 250 millions, the new shares to be created as may be required. By the statutes of the bank the capital must be represented one-fourth at least by Rentes

or other Treasury securities; one-fourth at most by the buildings of the company's offices, loans to the colonies or protectorates, or by securities on which the Bank of France is authorized to make advances; and the rest by mortgage or communal loans, continuations, or advances on securities which the Bank of France is authorized to accept as guarantee, or commercial bills with at least two signatures and endorsed to the order of the company. The proposed modifications of the statutes were adopted without dissent by the meeting. The chairman stated in reply to questions that the board had wished to raise the limit for deposits to 150 millions, but the Minister of Finance refused to authorize more than 125 millions. In the issue of the new shares the present proprietors will have a right of priority.

GENERAL NOTES

—It is estimated by the Spanish Minister of Finance, Senor Cobian, that Spain's revenues for the fiscal year 1910-11 will be \$216,290,000 and the expenditures \$209,170,000. But it will be necessary gradually to issue a loan of \$16,200,000 of three per cent. Treasury bonds to cover deficits in the revenues of the two preceding fiscal years.

—As reported by the Department of Finance Japan's foreign trade for the first five months of 1910 amounted to 377,703,459 yen, an increase of 41,120,022 yen over the same period last year. Net imports of specie to the end of May amounted to 6,889,197 yen.

—At the general meeting of the shareholders of the London Joint Stock Bank, Ltd., held at Winchester House, July 28, the directors presented a statement which, after certain usual deductions, showed a net profit of £226,053 13s 11d. for the current half-year. Of this sum £148,500 was applied in payment of a dividend at the rate of ten per cent. per annum on the £2,970,000 of the bank's paid-up capital; £15,000 for the half-year's depreciation in securities; £5,000 in reduction of premises account and a like sum to the credit of superannuation allowance fund, leaving £52,553 13s. 11d. to be carried forward to the new profit and loss account.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

CASHIER—POWERS OF.

PENSACOLA BANK AND TRUST CO. vs. NATIONAL BANK OF ST. PETERSBURG.

SUPREME COURT OF FLORIDA, DIVISION B, APRIL 2, 1910.

A bank dealing with the cashier of another bank, who is permitted by the directors to have complete control of its business relations with other banks, has a right to trust in the integrity of the cashier of the latter, and transact business with him accordingly, where there is nothing in the known state of affairs of the latter bank, or of the cashier's relation to it, to excite suspicion that he is using his position to the prejudice of his bank.

S. was the cashier of a bank in the city of P., and was permitted by the directors to have complete control over the dealings of his bank with other banks and of its mail. In February, 1907, he, in behalf of his bank, entered into business relations with a bank at St. P., by which his bank was to keep a balance of \$5,000 with the bank of St. P., and the latter would receive certain collections for the former bank and credit the same to bank at P. A business of several thousand dollars a month was thus carried on between the two banks, including the discounting of a note by one of the stockholders of the P. bank, which was finally charged up to the P. bank at the request of S. On the 26th of July, 1907, S. wrote the cashier of the St. P. bank inclosing his own note for \$5,000, accompanied by good collateral, and requested that his note be discounted and the proceeds placed to the credit of the P. bank. This was done, and on September 11, 1907, at the request of S., this note was charged up to the P. bank and the collateral returned to it. Regular

monthly statements showing these and all other transactions were sent by the St. P. bank to the P. bank, and no objection to the charging of S.'s note to the P. bank was made until the latter part of November, 1907. In a suit by the P. bank against the St. P. bank to recover the amount of the $5,000 note of S. which was charged up to the P. bank, it is *held* that under this statement of facts the P. bank is not entitled to recover.

(Syllabus by the court.)

THIS was an action to recover damages in the sum of ten thousand dollars. The material facts are stated in the official syllabus above.

Hocker, *J.* (omitting part of the opinion): It is insisted by the plaintiff in error that Scudamore was simply the cashier of the Pensacola Bank, and an agent, and that an agent cannot bind his principal when he is known to be acting for himself, and his interest is adverse to that of his principal. Several cases are cited by the plaintiff in error in which this principle is applied to the cashiers and presidents of banks.

In the case of Hier, Administrator, vs. Miller, Receiver, 68 Kan. 258, 75 Pac. 77, 63 L. R. A. 952, it is held that a cashier of a bank has no implied authority to pay his individual debts by entering the amount of them as a credit upon the passbook of his creditor who keeps an account with the bank, and permitting the creditor to exhaust such account by checks which are paid, the bank having received nothing of value in the transaction; that the personal interest of the cashier was sufficient to put the creditor on notice; and that he was liable to the bank for the amount he thus received.

In the case of Chrystie vs. Foster, 61 Fed. 551, 9 C. C. A. 606, the principle is applied as follows: "C., in order to obtain a credit on his personal account with a bank of which he was the president, procured the defendants, a banking firm, to discount his individual note, credit the amount to the bank, and notify the bank that he had deposited the amount with them to the credit of the bank. The bank had previously given C. credit for the amount, and, after being notified by the defendants that the deposit had been actually made with them, allowed C. to overdraw his account. Thereafter, and while his account with the bank was overdrawn, C., in his official character as president, authorized the defendants to charge the note to the account of the bank, and the defendants did so. Held, in a suit by the receiver of the bank to recover the deposit, that, unless expressly authorized to do so, the president of the bank could not use the funds of the bank to pay his personal obligation, and, there being no proof of such express authority, the authorization given by him to the defendants was not a defense to the claim."

An examination of the facts of that case as they appear in the opinion shows them to be different from those of the instant case. In that case Collins was president of the Cheyenne National Bank. In order to credit himself with $10,000 in his own bank for his own use, he procured the defendants, a banking firm of New York, to take his note for $10,000, and to notify his bank he had deposited with them that amount to the credit of his bank. The banking firm did so, and wrote Collins' bank: "Your account is credited this day $10,000 for use—J. W. Collins with you."

It is stated that the defendants knew Collins was representing himself and not his bank, and that the object of the transaction was to give Collins a personal credit with the bank for $10,000. In the instant case the evidence does not show that the St. Petersburg Bank knew, or had reason to believe, that Scudamore was acting for himself in having his personal note discounted and placed to the credit of his bank.

The most rational conclusion to be placed on this act was that he was acting for his bank and lending it his personal credit to keep up the balance of $5,000 to the credit of his bank with the St. Petersburg Bank, as he had promised to do. There was nothing to indicate to the latter bank, so far as we can discover, that Scudamore was making this transaction a basis for taking money out of the Pensacola Bank or of getting personal credit with it.

It is clear from the evidence that no officer of the Pensacola Bank ever gave the St. Petersburg Bank any such information either by letter, statement, or otherwise, until some time after the Scudamore note had been charged to the Pensacola Bank, and this note with its collateral security had been returned to the Pensacola Bank or its cashier, and the money derived from its discount had been paid out on the order of the Pensacola Bank, and a statement rendered showing these facts, and no timely objection was made to the transaction.

In the case of Burton, Receiver, vs. Burley, Receiver (C. C.) 13 Fed. 811, it is held that "where the president of a national bank instructed its correspondent bank to charge up against the bank of which he was president the amount of a note given by him in payment of such a note, and an account was rendered showing the transactions, the bank was estopped from denying the correctness of the charge in an action by a receiver, subsequently appointed, seeking to set aside the transaction." The facts in this case are nearly analogous to those of the instant case.

In the course of the opinion the court says: "What security can there be in the business relations between banks if accounts of this kind are not considered conclusive and binding upon the respective banks, unless, indeed, there is a mistake, or it can be shown that there has been a fraud practiced upon the bank against which the charges are made, and that fraud known to the other bank or its officers? Unless that can be done, there would be no safety in the transactions of banks with each other. One bank would never know what to do on instructions given, or a charge made. Here is an individual account which one bank has against a particular person. Another bank with which it is transacting business, and with which it has an account, instructs that bank to charge this individual indebtedness to it. The charge is made and the account is rendered showing it is done, and the bank which makes the charge knows nothing of any wrong being done, or of any mistake or of any fraud being practiced by the officers of the bank. That being so, it must foreclose the bank, or else banks must cease doing business with each other. And it ought to be so. Where a bank established under an act of Congress, or any other way, elects its own officers, the men who are interested in the bank—the stockholders, the depositors—ought to be bound by the authorized acts of the officers, or those which appear to be authorized, whether they are or not, and by the general usage of banks."

In the case of Merchants' Bank vs. State Bank, 10 Wall. 604, the Supreme Court of the United States held that: "Evidence of powers habitually exercised by a cashier of a bank, with its knowledge and acquiescence, defines and establishes as to the public those powers provided that they be such as the directors of the bank may, without violation of its charter, confer on such cashier."

In the case of Chemical Nat. Bank of New York vs. Armstrong (C. C.) 76 Fed. 339, it is laid down as law that "a bank dealing with the chief executive officer of another bank has a right to trust in his integrity and transact business with him accordingly; there being nothing in the known state of the affairs of his bank or his relations to it to excite suspicion." In this case the powers of executive officers of banks are discussed, and it is clearly shown that they cannot from the nature of the business in which banks are engaged be always limited by the rules which govern ordinary agencies.

The facts in the case of Aldrich vs. Chemical Nat. Bank, 176 U. S. 618, 20 Sup. Ct. 498, 44 L. Ed. 611, are stated as follows: "H., as vice-president of a Cincinnati bank, made application to a New York bank for a loan of $300,000. The request was granted and that amount was placed to the credit of the Cincinnati bank upon the books of the New York bank. Immediately thereafter H. fraudulently caused himself to be personally credited upon the books of his own bank with a like sum of $300,000. The action of H. in negotiating

the above loan with the New York bank was unauthorized by the board of directors of the Cincinnati bank; but, after the arrangement had been made, that bank drew out by check the money that had been placed to its credit by the New York bank and used the same in discharging its valid obligations."

On these facts "it is held that, by so using the money obtained from the New York bank by H. in his capacity as vice-president, the Cincinnati bank became bound to account for the same as for money had and received, and could not escape liability to the New York bank upon the mere ground, supposing it to be true, that it was not permitted by its charter to borrow money.

"The fraud perpetrated by H. upon his own bank in having himself personally credited upon its books with the amount of the loan was a matter with which the New York bank had no connection, and its rights to recover could not be affected thereby. The liability of the Cincinnati bank rested upon the fact, and the implied obligation arising therefrom, that that bank used in its business and for its benefit the money which the other bank placed to its credit in consequence of the loan negotiated by H., who assumed to represent it." (See the reasoning of Mr. Justice Harlan in the opinion.)

We see no reason why the rule thus laid down should not be applied in the instant case. The greater part of it, if not the whole, of the proceeds of the Scudamore note credited to the Pensacola Bank, were used by the latter bank in its business, and we can see no reason why it should again recover it in this action. If, instead of giving his own note to the St. Petersburg Bank, Scudamore had given the note of the Pensacola Bank, and it had been discounted and the proceeds used by the latter bank, we do not think it could be contended that it would not have been liable on the note to the St. Petersburg Bank. But the result is just the same as if this had been done.

An examination of the cases shows that it is impossible to formulate a definition of the duties of a cashier that will be applicable to all cases. (See Morse on Banks & Banking [4th Ed.] pars. 151-180, incl.) He is said to have several inherent powers (paragraph 153, supra), among them the power to borrow money on behalf of the bank, and may bind the bank by a promissory note executed therefor (paragraph 160, supra). Besides his inherent powers, "he may be authorized to act for the bank, by the organic law, by action of the stockholders, by a vote of the board or their verbal order, by usage and tacit approval, and by necessity or emergency calling for action manifestly to the interest of the bank." Paragraph 165, supra.

It is also said that "if the directors have for many years allowed the cashier to do, without interference, all the business of the bank, they are held thereby to have conferred upon him authority to do anything and everything on the corporate behalf which the charter or law does not absolutely prohibit and forbid a cashier to do, and so render illegal under all circumstances. If the cashier has a power so wide and liberal as this, it is needless to prove a usage to do any particular act which he may have undertaken.

"If the act does not fall within the limits of unavoidable and inherent illegality, it is valid and binds the bank, though a precisely similar act may never before have been undertaken by the cashier since the creation of the institution." (Paragraph 165, supra.) It is evident from the testimony in the instant case that the directors of the Pensacola Bank gave to Scudamore a very wide latitude in managing the affairs of the bank. He seems to have had complete control of its business relations with other banks, and of its mail. No one else seems to have taken any interest in these matters.

The bookkeeping also seems to have been entirely under his control. If he used the latitude thus given him to the prejudice of the bank, it seems to us it would be most unjust to make the St. Petersburg Bank pay for the negligence

of the directors of the Pensacola Bank.

Upon a consideration of the whole evidence in the light of the principles of law applicable thereto, a verdict for the plaintiff could not lawfully have been rendered; therefore, the court did not err in directing a verdict for the defendant. (See Wade vs. Louisville & N. R. Co., 54 Fla. 277, 45 South. 472; Bass vs. Ramos, 58 Fla. —, 50 South. 945.)

The judgment is affirmed.

GUARANTY OF INDORSEMENTS —EFFECT OF—RECOVERY OF MONEY PAID.

NEW YORK PRODUCE EXCHANGE BANK vs. TWELFTH WARD BANK.

SUPREME COURT OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT.

The words "endorsements guaranteed" placed upon the back of a check is equivalent to a guaranty of the genuineness of the whole of the instrument, including the indorsements, excepting only the signature of the drawer.

The drawee is entitled to rely upon such guaranty, and owes the guarantor no duty to make an investigation.

Mere lapse of time in discovering the fraud constitutes no defense in discovering the fraud.

SCOTT, *J.:* This is an appeal by plaintiff from a judgment in favor of defendant upon the verdict of a jury. Although there is no certificate that the case contains all the evidence the exceptions are ample to raise all the questions it is necessary to consider.

The action is to recover the amount paid upon an altered check under a mistake of fact. The evidence tended to show the following state of facts:

The firm of S. & W. Bauman, on November 24, 1906, drew its check on plaintiff, in favor of E. Jacob & Co., for $5.69. On December 3, 1906, that check was deposited in defendant bank to the credit of Alexander Seidman, a customer. When so deposited the check had been raised to $2,105.90; the date had been altered; the name of the payee had been erased and the name of William Seidman written in as payee, and the check indorsed by William Seidman and Alexander Seidman.

The plaintiff bank paid the amount of the check as raised through the Clearing House and received back the check with the following indorsement upon it signed by defendant: "Received payment through New York Clearing House, December 3, 1906. * * * Endorsements guaranteed." Under the authorities this was equivalent to a guaranty of the genuineness of the whole of the instrument, including the indorsements, excepting only the signature of the drawer, and in case of forgery rendered the defendant liable *prima facie* to refund to plaintiff the amount received on the check on the ground that the payment had been made under a mistake of fact. (White vs. Continental Nat. Bank, 64 N. Y. 319; Metropolitan Nat. Bank vs. Loyd, 90 id. 535; Corn Exchange Bank vs. Nassau Bank, 91 id. 74.) It was the custom of S. & W. Bauman to have their bank book balanced monthly and when they received back, about January 1, 1907, the checks paid out by plaintiff during December, they discovered the altered check, and on January 2, 1907, notified plaintiff, who at once notified defendant and demanded repayment of the amount received on the check. Seidman meanwhile had drawn down his balance in defendant bank.

There is nothing in the evidence, so far as contained in the case on appeal, to suggest that the plaintiff bank failed in any respect in the diligence it owed to defendant. It was entitled to rely upon the guaranty of the defendant as to the genuineness of the check, and in the absence of notice of its alteration it owed defendant no duty to make an investigation. It appears that it did notify defendant as soon as it received notice of the forgery, and it is not suggested, except in the charge of the court, that plaintiff failed to communicate to defendant any information received from Bauman. It was also erroneous to charge that if Bauman had knowledge of facts sufficient to have warranted a person of ordinary care and prudence of suspecting that there

was something wrong about the check it was his duty to have stopped payment on the check. Bauman owed no such duty to defendant, and if he had there is enough in the case to show that the only charge of lack of care in this regard was based upon the fact that the check, although drawn on November 24, was not returned to Bauman with the checks paid in November.

No duty of extraordinary vigilance rested either upon plaintiff or Bauman, and mere lapse of time in discovering the fraud constitutes no defense. (Corn Exchange Bank vs. Nassau Bank, supra; Frank vs. Lanier, 91 N. Y. 112.) The case was submitted to the jury under instructions which left as the crucial point in the case the supposed negligence of S. & W. Bauman, the drawers of the check. This was wholly foreign to the real issues in the case and may easily have influenced the verdict.

The judgment should be reversed and a new trial granted, with costs to the appellant to abide the event.

Ingraham, McLaughlin, Clarke and Houghton, JJ., concurred.

PRESENTMENT OF DRAFT FOR PAYMENT—EFFECT OF RETENTION BY DRAWEE.

FIRST NATIONAL BANK OF OMAHA vs. WHITMORE.

UNITED STATES CIRCUIT COURT OF APPEALS, EIGHT CIRCUIT MARCH 5, 1910.

The provision of the Negotiable Instruments Law that "where a drawee to whom a bill is delivered for acceptance destroys the same or refuses within twenty-four hours after such delivery or within such other period as the holder may allow to return the bill accepted or non-accepted to the holder, he will be deemed to have accepted the same," applies only to such instruments as are by their terms negotiable.

THIS provision of the act does not apply where the paper presented and withheld or destroyed has been presented for payment.

Appeal from the District Court of the United States for the District of Nebraska.

In the matter of the bankruptcy proceedings of William J. Crandall. From an order affirming the disallowance of a claim by the First National Bank of Omaha, on objection of Howard J. Whitmore, trustee, the bank appealed. Affirmed.

Before HOOK and ADAMS, *C.J.J.*, and CARLAND, *D.J.*

CARLAND, *D.J.:* The appellant filed a claim against the state of William J. Crandall, a bankrupt, amounting to $9,000. The foundation of this claim was four drafts drawn by one McWhorter upon Crandall and deposited by the former for credit with the appellant, which forwarded them by mail to the Citizens' Bank at Firth, Neb., of which Crandall was president, for collection and return. The appellant gave McWhorter credit for the amount of the draft. The Citizens' Bank received the drafts; but Crandall, its president, about the time the drafts were received, absconded. The drafts were not returned to appellant, and what became of them does not appear from the record. The appellant claims that under the law of Nebraska these drafts must be deemed to have been accepted by Crandall, and that his estate is liable for the amount of the same.

This claim of appellant is based upon section 136 of what is known as the "Negotiable Instruments Law," of Nebraska. Comp. St. 1909, c. 41, art. 10. The section referred to reads as follows:

"Where a drawee to whom a bill is delivered for acceptance destroys the same or refuses within twenty-four hours after such delivery or within such other period as the holder may allow to return the bill accepted or nonaccepted to the holder, he will be deemed to have accepted the same."

So far as the character of the drafts are concerned and their mode and purpose of delivery to Crandall, the burden of proof was upon appellant to show that they were negotiable and were delivered to Crandall for acceptance. We find it unnecessary to determine whether, under the facts appearing in the record,

there was a destruction of the drafts, or a refusal to return the same accepted or nonaccepted, by Crandall, within the meaning of section 136 herein quoted, for the reason that we are of the opinion that appellant failed to sustain the burden of proof imposed upon it in showing that the drafts were negotiable paper of the nature and kind that could be presented for acceptance, or that they were actually delivered to Crandall for acceptance. There were introduced in evidence, at the hearing before the referee, letters of transmittal which appellant claims were exactly similar to the letters used in transmitting the drafts in question to the Citizens' Bank. In these letters the following language is used:

"We inclose the following for collection and returns in Omaha or Eastern exchange."

On the deposit slip issued to McWhorter by appellant, when the former was credited with the amount of the drafts by the appellant, is the following statement:

"For drafts and checks credited or taken as collections, this bank acts only as agent, and assumes no liability on them, nor on drafts in payment for them."

The conclusion is irresistible that the appellant simply took the drafts for collection; that they were sight drafts, and were delivered to Crandall for payment, and not for acceptance. Presentment for payment and presentment for acceptance are two different acts, well known to the law of negotiable instruments. Presentment for payment cannot be made until the instrument presented for payment is due. Presentment for acceptance must be made before the instrument presented for acceptance is due.

We do not think that the appellant has brought itself within said section 136, herein quoted, in the particulars specified, and therefore the decree appealed from must be affirmed.

And it is so ordered.

Hook, *C.J.*, dissents.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B,A.. L.L.B., Barrister, Toronto]

SURETYSHIP — SIMPLE CONTRACT—DISCHARGE OF ONE SURETY UNDER SEAL—CONFIRMATION OF ORIGINAL GUARANTEE — DEATH OF SURETY—POWERS OF EXECUTORS — CONTINUANCE OF GUARANTEE.

THE UNION BANK OF CANADA VS. JANE E. CLARK AND ALEXANDER GRAY FARRELL, EXECUTORS OF JAMES MAITLAND CLARK (43 S. C. R. 299).

Clark and others by writing not under seal, agreed to guarantee payment of advances by a bank to a company. Later by writing under seal, all the sureties but one consented to discharge the latter from liability under the guarantee, the document providing that the parties did in every respect "ratify and confirm the said guarantee and consent to be bound thereby as if the said Ogle Carss had never been a party thereto."

Held, that the last mentioned instrument did not convert the original guarantee into a specialty and Clark having died an action thereon by the bank against his executors instituted more than six years after his death was barred by the Statute of Limitations.

Held, per Davies, Idington, and Duff, J.J., that the executors had no power to continue the guarantee terminated at Clark's death by consenting to an extension of time for payment of the amount then due notwithstanding the provision in the guarantee that it was to be continuing and that the doctrines of law and equity in favor of a surety should not apply thereto.

APPEAL from a decision of the Court of Appeal for Ontario affirming the judgment at the trial by which the action of the plaintiff bank was dismissed.

The material facts are stated above.

Judgment (Girouard, Davies, Idington, Duff and Anglin, *J.J.*): The

following is taken from the judgment of Mr. Justice Davies:

The question in this appeal is as to the liability of the estate of the late James Clark for the sum of $28,450, due to the bank by the Perrin Plow Co., Ltd., at the time of Clark's death and for which he was liable as guarantor.

The guarantee as given by Clark and four other shareholders of a company called the Perrin Plow Co., Ltd., to the bank, in the year 1898. It was very loosely and carelessly drawn and it is exceedingly difficult to determine just what it means. But it was a continuing guarantee for advances made to the Plow Co. by the bank either by discounting negotiable securities or by overdrafts. It contained this sentence:

> This is a continuing guarantee intended to cover any number of transactions, and agree (sic) that the said bank may deal or compound with any of the parties to the said negotiable securities, and take from and give up to them again security of any kind in their discretion, and that the doctrines of law or equity in favor of a surety shall not apply hereto.

There was nothing to indicate that the guarantors were to be or become primary debtors, and the only meaning I can put upon the above sentence read in conjunction with the other parts of the guarantee is that in dealing with or compounding with the parties to the negotiable securities they discounted for the Plow Co. they could "deal or compound" and take from and give up to them again security of any kind in their discretion, and in so doing or acting the law or equity in favor of a surety should not apply to discharge the surety. But I cannot construe the sentence to have any such wide meaning as the appellant contends for, namely, that it absolutely disclaimed the application of all rules of law or equity to the dealings between the bank and its guarantors and gave the bank plenary powers of extending the times for payment without prejudice to its rights as against the guarantors. Subsequently to the giving of this guarantee one of the guarantors desired to be released, and a document was drawn up and signed by the other guarantors, "ratifying and consenting" to his discharge and confirming the said original guarantee and consenting to be bound thereto as if the said Ogle Carss had never been a party thereto.

The obvious and only intent of this document which had seals attached was to discharge one of the original guarantors upon the original guarantee. It was not to create any new or extended or varied guarantee and whatever object there may have been in attaching seals to it I cannot assent to the proposition that its effect was to transform the original guarantee into a specialty or otherwise to vary or alter it further than discharging Carss might have such effect.

In January, 1900, Clark died, having made a will appointing the respondents executors and trustees. On February 28, 1900, an agreement was entered into under seal between the executors of the first part, Brodie, Lavell and Patterson, the surviving guarantors of the second part, and the Union Bank of the third part, by which the executors agreed inter alia to:

> consent to renewal from time to time as may be desired of all notes of the Perrin Plow Company, Limited, in existence at the time of the death of the said James Maitland Clark, deceased, given under the aforesaid guarantee and to an extension of time for the payment of same and the interest thereon, and to the carrying on of the same according to the requirements of the business of the said company until six months after notice in writing withdrawing consent to further extension is given to said bank by said executors.

The bank evidently assuming and, from the correspondence put in evidence, construing this agreement as a continuing guarantee, not only for advances made to the Perrin Plow Company, Ltd., in Clark's lifetime, but for further advances to be made after his death, until his executors called a halt by "giving six months' notice withdrawing consent to further extension," went on advancing to the Plow Company from $28,500, which amount that company owed the bank at Clark's death, up to $298,334 in March, 1907, when it was wound up.

The question on this agreement for our purposes is whether or not the executors had any power whatever to bind

the estate in the way they attempted to do by agreeing to the continuance of the business of the Perrin Plow Company and the continuance of Clark's guarantee and liability for the notes in existence at his death guaranteed by him, and to an indefinite extension of time for payment of such notes until they should by six months' notice put an end to such extension.

They had no power as executors to bind the estate by agreeing to "the carrying on of the same," that is of the negotiable securities guaranteed by the testator, "according to the requirements of the business of the company." Such a delegation of powers to third parties to extend the liabilities of the estate was of course illegal. It practically placed the estate at the mercy of the Perrin Plow Company. It attempted not only to continue and extend the liability of the estate practically for an indefinite time, but made that continuance and extension dependent "upon the requirements of the business of the company."

It was not an attempted exercise of the reasonable but limited powers executors may possess of extending time for payment of debts due the estate. It was a delegation of their judgment as executors as to the priority of giving an extension of time for payment of a debt guaranteed by the testator to the primary debtor to be exercised by such primary debtor as the requirements of its business called for.

The liability of the estate as guarantor for the payment of the $28,500 was attempted to be pledged as a credit asset of the Plow Company to the bank in the interest and for the benefit of that Plow Company, and to be used "according to the requirements of that company." It was not the interests of the estate but of the primary debtor and its creditor the bank that were considered.

There was no power of any kind in the will to enable the executors to carry on Clark's business or to enter into any arrangement for the continuance of his guarantee and the extreme stretch of the reasonable common law powers of executors entitling them where the business of the deceased is a valuable asset to carry it on for such reasonable time as may be necessary for them to sell it as a "going concern."

The executors' duty was to wind up the testator's business and estate, not to enter into an agreement to continue a business in which the testator only had a collateral interest or to continue indefinitely their testator's guarantee of a debt owed by a limited business company to a bank. Such an agreement was quite beyond their powers and, as against the estate, void. Its disastrous consequences are of course apparent now, but they might well have been anticipated. The bank, strangely enough, without appearing to have taken proper advice went on enlarging enormously their advances to the Plow Company, and treated as an asset of that company under the executors' agreement the testator's guarantee for at any rate the amount of the company's indebtedness at his death, however, many extensions were given in the interests of the primary debtor for its payment.

To hold valid and binding on the estate such an agreement as that by which the executors of the estate of a deceased party could put the estate into the melting pot of a precarious and speculative business would be indeed to add to a new terror of death.

My conclusions are that the judgment of the Court of Appeal is right; that the original guarantee was not altered in form or character by the document entered into subsequently, releasing one of the guarantors; that the agreement signed by the executors while good to the extent of the admission of the amount of the debt existing at Clark's death, was bad in so far as it attempted to bind the estate in the carrying on of the business of the company with the aid of the continued and continuing liability and guarantee of the estate; that these varied and prolonged extensions discharged the estate from any further liability on the testator's guarantee, and that in any event and whether they did or not so discharge the estate the Statute of Limitations is a bar to the recovery of the only claim the bank seeks

to enforce, namely, the payment of the $28,500 due on Clark's guarantee at the time of his death as admitted by the executors.

The appeal should be dismissed with costs.

PROMISSORY NOTE — INCOMPLETE INSTRUMENT — DELIVERY — HOLDER IN DUE COURSE — BILLS OF EXCHANGE ACT, SECS. 31, 32— LEAVE TO APPEAL.

HUBBARD VS. HOME BANK OF CANADA (20 O. L. R., 651).

Where a document in the form of a promissory note, but "wanting" in some "material particular," is not "delivered in order that it may be converted into" a promissory note, payment cannot be enforced against the maker, even by a holder in due course, under Secs. 31 and 32 of the Bills of Exchange Act.

THE plaintiff was a depositor in the savings department of the Home Bank of Canada, Church Street branch. On December 4, 1908, the plaintiff had to his credit in the said bank a sum exceeding $440.50.

About October 1, 1908, one W. G. Stirton, who represented himself to be an agent for the Canada Life Assurance Co., canvassed the plaintiff and endeavored to persuade him to make an application for insurance upon his life. The result was that a blank form of promissory note was presented by Stirton and signed by the plaintiff. The form was:

$.... .... 190..
.... After date ...... promise to pay to the order of ....
.... dollars at ....
value received.
No. .... due.

The plaintiff will not say that the blank form was not in part filled up when he put his name upon it. Writing may have been on it to the extent of the following:

$440.50 October 1, 1908.
December 4. After date I promise to pay to the order of myself......... dollars at ....
value received.

That is as far as the plaintiff would say. There was no more, if so much, upon the form, when the plaintiff signed.

There was some question about the plaintiff's signature upon the back of the form. The evidence established that both signatures, the one as maker and the one as indorser, are the handwriting of the plaintiff. This paper was left with Stirton upon the understanding and condition that nothing was to be done with it until and unless the plaintiff passed the requisite medical examination by the company's medical man for the purpose. If the plaintiff presented himself for examination and was passed, then the paper signed by the plaintiff, as representing the first premium upon the life assurance, would be taken up. The plaintiff said he would give his check for it, and there is no question that the amount to be paid was $440.50. Almost immediately after the interview between the plaintiff and Stirton, the plaintiff, upon reflection and upon consultation with Mr. Cox, thought he could not afford to carry so large an amount of insurance, and he did not present himself for examination, but, on the contrary, notified Stirton of his intention not to take the insurance. The plaintiff omitted to get the paper from Stirton, and Stirton, in fraud of and without the knowledge of the plaintiff, ascertained in some way that the plaintiff had an account with the defendant's bank, and wrote the words "Home Savings Bank, Toronto," upon the paper.

On October 6, 1908, Stirton disposed of the paper to the United Empire Bank for value. Prior to December 4, 1908, this paper was handed by the United Empire Bank to the Dominion Bank for collection. On December 4 it was presented by the Dominion Bank to the defendants for payment. The defendants stamped their acceptance upon it, charging the amount to the plaintiff against his savings bank deposit account. It went through the clearing house, and was subsequently paid by the defendants, the money reaching the United Empire Bank.

JUDGMENT: This case turns upon the application of the Bills of Exchange Act. Assuming for the moment that this paper, and I will for convenience call it a note, was delivered to Stirton as a note and for the purpose of being used by him as a negotiable instrument, and that it should be issued by him as such, the defence is made out. The United Empire Bank in that case were "holders in due course," within the meaning of sec. 56 of the Canada Bills of Exchange Act. Subject to what may be said as to the defendants' right to use, under any circumstances, without the plaintiff's instructions, his money on deposit in the savings bank branch, the defendants, under sec. 57, have the same rights as the United Empire Bank. That section is as follows:

A holder, whether for value or not, who derives his title to a bill through a holder in due course, and who is not himself a party to any fraud or illegality affecting it, has all the rights of that holder in due course as regards the acceptor and all parties to the bill prior to that holder.

The plaintiff's money was deposited with the defendants under special terms, conditions and regulations, fully set out in the plaintiff's pass book; the only ones having any special bearing here as Nos. 6 and 7:—

6. The bank is authorized to pay to any one presenting a receipt or check signed by the depositor or by any one having authority to draw the depositor's money, the amount named in such receipt or check and to charge the same to the amount of such depositor.

7. The bank reserves the right to at any time demand notices of withdraw. (Then follows the length of notice according to amount.)

These do not in terms authorize the payment of a note; the words are "presenting a receipt or check"; then the depositor may be charged with "the amount named in such receipt or check." The note paid by the defendants was not either receipt or check.

In my opinion, the defendants ought not, without special instructions to pay, to have paid this note, and it is contrary to my notion of banking that the defendants should have given another banker information, if they did give such information, that the plaintiff had such an account, or funds to his credit, unless and until the plaintiff's authority was obtained. Notice could be demanded by the defendants before payment. They could, of course, waive such notice, and would generally do so in favor of the depositor himself, but it is a different thing when payment of a note or payment under the terms of a contract between the depositor and a third party is asked. The notice could well be invoked as against possible fraud or forgery, or lest for any reason the depositor might desire to contest the third party's claim.

Kymer vs. Laurie (1849), 18 L. J. Q. B., 218, is authority in favor of the defendants as to their right to pay and charge up against a depositor's savings bank account.

There remains to be disposed of the right of the United Empire Bank, as holders in due course, to recover, upon the facts presented.

The paper in the hands of Stirton must be treated as if "a simple signature on a blank piece of paper" had been handed by the plaintiff to Stirton. Even if the paper had upon it some writing so that it appeared, as I have before mentioned, it would be harmless. No bank would negotiate such paper, and Stirton had no more right, under sec. 31, to fill in the amount in writing and the place of payment, than to wholly fill up a blank piece of paper with only a signature upon it. It had to be filled up before it could be used, and it was filled up by Stirton. It was not delivered to Stirton in order that it might be converted into a note or negotiated as a note.

Sections 31 and 32 of the Canada Bills of Exchange Act are practically the same as sec. 20 of the English Act:

Sec. 31. Where a simple signature on a blank paper is delivered by the signor in order that it may be converted into a bill, it operates as a prima facie authority to fill up as a complete bill for any amount, using the signature for that of the drawer or acceptor, or an indorser and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a prima facie authority to fill up the omission in any way he thinks fit.

Sec. 32. In order that any such instrument when completed may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given; Provided that if any such instrument, after completion, is negotiated to a holder in due course, it shall be valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given.

In Smith vs. Prosser (1907), 2 K. B., 735, the language of these two sections has been dealt with and the sections have been construed. In that case the defendant signed his name on two blank lithographed forms of promissory notes, and handed these to one of his two agents, with instructions that they were to remain in the custody of his attorney until the defendant should by telegram or letter give instructions for their issue as notes, and as to the amount for which they should be filled up. After the defendant left, the person to whom the defendant had handed the documents, without waiting for instructions from the defendant, and in fraud of the defendant, filled in the blanks and sold them to the plaintiff, "who took them honestly and in good faith and without notice of the fraud, and gave full value for them." It was held, "that, as the defendant handed the notes to his agent as custodian only, and not with the intention that they should be issued as negotiable instruments, he was not estopped from denying the validity of the notes as between himself and the plaintiff, and that the action was not maintainable."

As stated before, I am considering this as if "a simple signature on a blank piece of paper" handed by the plaintiff to Stirton. It was, in fact, a form of a promissory note. The plaintiff had written nothing on it, but his signature on the face and again on the back. He will not say that the figures "$440.50" and "Oct. 1st" and "December 1st," and the word "myself," may not have been on it when he signed, but that is as far as he will go. It was not given to Stirton that it might "be converted into a note" or that it might be used or negotiated as a note. The plaintiff signed the paper intending it not as a note but as a promise to pay premium for life insurance in case he submitted himself for, and passed, the necessary medical examination. He did not pass such examination; he did not even see the medical man. Stirton, who held the plaintiff's signature, was immediately notified by the plaintiff, but he, in fraud of the plaintiff, completed the form as a note, and negotiated it with the United Empire Bank. In my opinion, the case cited governs the present case, and, upsetting as that case may be of the opinions of bankers here, as to the true meaning of the sections of the Bank Act referred to, I must follow the authority. I quote from the judgments in that case:

Vaughan Williams, L. J., at p. 744: "In my judgment it is of the very essence of the liability of a person signing a blank instrument that the instrument should have been handed to the person, to whom it was in fact handed, as an agent for the purpose of being used as a negotiable instrument, and with the intention that it should be issued as such."

It seems to me clear that what the plaintiff did was not to give to Stirton a promissory note or a paper that could be converted into a promissory note, or that Stirton would have any right or authority to deal with in any way until he should get that authority after the plaintiff's application for insurance had been accepted. In a sense, Stirton was the plaintiff's agent, as well as agent for the insurance company. Acting for the plaintiff, an application, the plaintiff's application, was taken, and so acting, the plaintiff made him the custodian of the paper with the plaintiff's signature, not as a note or to be negotiated as a note, but as evidencing an amount that the plaintiff would pay should an examination be passed, which, of course, was necessary before his application would be accepted.

Further, at p. 745, after giving the

facts in Smith vs. Prosser case, Vaughan Williams, L. J., said: "Under these circumstances the authorities seem to show that, in the absence of a delivery of notes to an agent with the intention that they shall be negotiated or at any rate that the agent shall have power to negotiate them, the signer is not responsible even to a 'bona fide' holder for value."

Judgment was, therefore, given for the plaintiff without prejudice to the rights of the Home Bank, if any, against the United Empire Bank.

From this judgment an appeal was taken to a divisional court which unanimously upheld the judgment of the trial judge. Application was made for leave to appeal to the Court of Appeal for Ontario, but this leave was refused on the ground that the case involved merely a simple proposition of law and had been fully and fairly dealt with by the courts below.

$25,000,000 BANKS

THERE are seventeen national banks in New York City that have deposits of over $25,000,000 which is over one-half of the national banks of the country reporting deposits exceeding that amount on June 30. Chicago and Philadelphia each has four institutions of this size or over, St. Louis three, Boston two, while Pittsburgh, Cleveland and Minneapolis each has one, making thirty-four banks in all. Most of the New York banks reported increases in deposits as compared with March 29, 1910, and decreases as compared with June 23, 1909. The four Chicago banks all decreased their deposits since March 29. This is also true of the three St. Louis institutions. The following compares deposits on the dates given:

Banks—	June 30, 1910.	March 29, 1910.	June 23, 1909.
Commerce, New York	$182,614,778	$158,946,080	$226,415,461
City, New York	243,808,089	229,785,449	276,998,597
Park, New York	117,636,081	106,713,261	117,165,217
First, New York	112,041,115	112,752,142	130,073,965
First, Chicago	106,979,589	114,241,258	112,131,577
Hanover, New York	102,893,864	101,249,117	111,738,284
Continental, Chicago	94,910,879	98,258,589	76,480,076
Chase, New York	92,787,538	101,751,957	102,143,607
Shawmut, Boston	81,674,791	91,433,525	88,558,199
Mechanics and Metals, New York	74,974,098	80,088,412	82,408,542
Commerce, Chicago	71,791,607	72,886,329	49,735,393
First, Boston	58,702,605	65,773,541	62,909,113
Corn Exchange, Chicago	55,600,849	61,714,026	61,118,514
Commerce, St. Louis	55,389,154	63,414,617	62,478,871
American Exchange, New York	47,021,997	36,773,300	31,300,686
Fourth Street, Philadelphia	46,646,720	45,042,623	48,187,686
Philadelphia, Philadelphia	44,059,303	43,899,455	52,217,809
Fourth, New York	39,952,236	28,650,373	37,724,398
Mellon, Pittsburgh	36,690,397	36,261,362	35,782,145
Girard, Philadelphia	36,179,134	36,767,834	41,282,501
Franklin, Philadelphia	33,123,874	32,035,661	34,039,956
Chemical, New York	31,707,196	30,999,090	32,740,161
Third, St. Louis	31,642,302	32,453,241	32,338,562
New York, New York	31,382,405	29,729,075	33,217,296
Seaboard, New York	30,037,352	29,065,150	31,213,935
Liberty, New York	28,583,756	22,531,034	20,775,198
Citizens' Central, New York	27,841,025	24,041,989	28,222,615
First, Cleveland	27,605,731	28,307,509	27,789,356
Importers and Traders, New York	27,471,363	27,571,194	28,340,154
Mechanics' American, St. Louis	27,088,456	29,438,381	29,872,223
Irving Exchange, New York	27,056,869	27,838,093	24,242,796
Northwestern, Minneapolis	26,266,194	28,520,541	23,150,067
Merchants, New York	25,110,998	24,284,594	28,306,675
First, Kansas City	24,927,808	27,513,417	27,734,213

PRACTICAL BANKING

HOW TO FIND OUTSTANDING DRAFTS

By Chas. P. Schumacher

THE coming of the first of the month brings to the general bookkeeper in a bank a great deal of extra work, due to the fact that he has to reconcile the accounts with his bank's correspondents, whose statements then come flocking in; and among these accounts are some of the big city banks on which his country bank is accustomed to draw.

These latter accounts are the tremendous ones, as the mails bring in heaps of cancelled vouchers which have to be arranged and checked up with the register or stubs before the corresponding accounts can be reconciled. The bookkeeper hates to get at this work, because it seems endless as well as monotonous.

It is just here, however, that a way may be suggested which may save several hours' work.

In demonstrating the short cut, we will begin by arranging a stack of cancelled vouchers numerically. No machine will do that for us, and we will have to have them in that order for future reference, if required, as well as for our present needs.

Our vouchers are now so arranged that the smallest numbers, or the drafts first issued, are on top. We see also that the top checks were issued before the first of last month, which we will suppose was April. Those top checks were outstanding when we made our last reconcilement and were paid by our correspondent only since April first. So they must be on our list of outstanding drafts on March 31, which we have pinned to our last month's reconcilement.

Taking this list, we will check off those drafts that have straggled in, and will suppose that No. 36,454 and No. 37,191 still remain out. Taking another slip of paper we now begin a new list with these numbers and their corresponding amounts.

Looking at the drafts, we see that at the top or the balance of the stack of cancelled vouchers are those that were issued on April first. Now we come to the place where we deviate from the common method of finding out which drafts of April are not yet in.

Ordinarily the bookkeeper checks up these drafts with the register, and then picks out those that remain open or unchecked, as being the outstanding drafts. But we will not lose time that way. For the present, we do not refer to the stubs or register at all. The method is simple. This is it. The balance of the vouchers, as you clearly see, are all the drafts issued during April, with only those missing that have not been paid. Why should we check over those that are in, when we can find out, much more quickly, which drafts are outstanding by running over the stack of checks, with our eye on the numbers only, and taking note of those that are missing?

Let the first draft issued on April first be No. 50,200. Now, running over the stack from there on we will suppose we find all the numbers consecutive up to 50,310 inclusive. Nos. 50,311 and 50,312 are not here. Those numbers then are outstanding; accordingly we mark them down on our list of outstanding drafts which then shows up like this:

Numbers	Amounts
36,454	\$35.40
37,191	348.99
50,311	?
50,312	?

Now we continue our search for those that are conspicuous by their absence. Suppose for brevity's sake that up to 50,500 inclusive (which ends the pack)

all the drafts to be in. Now we add 50,501, etc., to our number list, and begin to look up the corresponding amounts in the register or stub book.

On coming to 50,501 we note carefully whether or not it was issued in April. Supposing it was issued in April but that it was not the last, we add it, with the balance of the April numbers, to our number list, and their corresponding amounts to our amount list.

Allowing 50,510 to be the first draft issued in May, our list will appear as shown in the accompanying table.

Thus we get all we are looking for just as accurately as if we had checked all the drafts up. If an error was made at the time a draft was being issued, such as getting down the wrong amount or entering a certain amount opposite the wrong stub, then, of course, some checking will have to be done anyhow, but only up to the point where the error occurred.

Numbers	Amounts
36,454	$35.40
37,191	348.99
50,311	75.40
50,312	13.09
50,501 to 50,509	784.22
April 31, 1910, total	$1,257.10*

*Drafts outstanding.

OUR TRANSIT DEPARTMENT*

By A. C. Tonsmeire, Assistant Cashier City Bank & Trust Co., Mobile, Ala.

A. C. TONSMEIRE
Assistant Cashier City Bank and Trust Company, Mobile, Ala.

Mr. Tonsmeire began his banking career by accepting a position as messenger with the City National Bank of Mobile, Ala., in February, 1909, three months after it opened for business. When, in April, 1903, this bank was succeeded by the City Bank and Trust Company, he was retained and began his upward climb through every position in the bank, including some twenty odd desks. Prior to his election as assistant cashier, which occurred in January, 1909, he had been paying teller for three years.

Mr. Tonsmeire recently completed a night course in commercial and business law. He was one of the organizers and first president of the Progressive Bankers' Club, made up of employees of the City Bank and Trust Co., and is at this time president of the Mobile Chapter of the American Institute of Banking.

It has been after much experimenting only, that we have arrived at our present method for handling this department of our institution, and we believe it is as near perfect as it can be made.

This department of the bank is one of the most important on account of the great volume of business handled through it. Consequently the system used is a matter of considerable importance.

We have devoted much time to this department and feel that we could not

*This article is reprinted, by permission, from the reunion number of the "Progressive Banker," a magazine published by the employees of the City Bank and Trust Co. of Mobile, Ala.

Capital, Surplus and Undivided Profits over $1,000,000.00
CITY BANK & TRUST COMPANY
Mobile, Ala., 7 26 09
NAT CITY BK
N Y

We enclose for immediate collection in money and credit to our account. Yours respectfully,
GEO. A. TONSMEIRE, Cashier

Do not protest items $10 and under.
Items marked X no protest.
Wire non-payment of protestable items $500 and over.
Protest all items unless otherwise instructed hereon.

Capital, Surplus and Undivided Profits over $1,000,000.00
CITY BANK & TRUST COMPANY
Mobile, Ala., 7 26 09
NAT CITY BK
N Y

We enclose for immediate collection in money and credit to our account. Yours respectfully,
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Do not protest items $10 and under
Items marked X no protest.
Wire non-payment of protestable items $500 and over.
Protest all items unless otherwise instructed hereon.

ENDORSER.	ON WHOM	AMOUNT	ON WHOM	AMOUNT
97	1	4 00	1	4 00
10	WELLS FARGO	25 00	WELLS FARGO	25 00
Do	12	50 00	12	50 00
39	81	15 48	81	15 48
28	33	7 52	33	7 52
55	8	7 50	8	7 50
85	23	500 00	23	500 00
BK SHUMUTA	85	39 90	85	39 90
1ST DECATUR	33	444 00	33	444 00
BK ANDALUSIA	23	50 47	23	50 47
1ST DOTHAN	33	75 40	33	75 40
INTER ST FLORALA	74	56 54	74	56 54
INTERPRISE BKG ALA	54	4400 00	54	4400 00
HAYNEVILLE ALA	33	93 20	33	93 20
ST BK REFORM	33	50 75	33	50 75
BK FLOMATON	33	29 86	53	29 86
BK CAMDEN	54	880 18	54	880 18
BK NEWBERN	33	177 32	33	177 32
BK ATMORE	74	136 90	74	136 90
MCG ROBBINS LBR	91	1756 10	91	1756 10
ROSENAU HOSIERY	23	733 20	23	733 20
SCOTCH LBR CO	8	2310 74	8	2310 74
POLLOCK & CO	8	1805 34	8	1805 34
WEST UNION TEL	WEST UN TEL CO	200 00	WEST UN TEL CO	200 00
CUDAHY PCKG CO	33	114 10	33	114 10
BUSH GROC CO	12	75 44	12	75 44
M&O	AM EXPRESS	20 00	AM EXPRESS	20 00
Do	4	5000 00	4	5000 00
Do	4	5000 00	4	5000 00
SO RY	67	3000 00	67	3000 00
Do	27	100 00	27	100 00
Battle House	P5	75 00	85	75 00
Dixie Grain	Asst Treas	36 00	Asst Treas	36 00
HAMMEL D G CO	P O	15 00	P O	15 00
		27285 04		27285 04

FORM No. 1

handle the volume of business we do if we did not have what we think is one of the best systems in use.

We will illustrate the forms used in this department, which we trust will be of interest to our readers.

The items for our transit department are received from several different sources. The first batch is received from the mailing desk after the morning's mail has been opened. The so-called morning's mail is handled in the following manner:

After the items have been verified with the letters accompanying them, they are numbered, each correspondent being given a particular number, so that in describing the endorser, or bank from whom received, it is not necessary to write the name, but simply the number. The number appearing on the face of the check, saves also the turning over of the check for this information. These items are then sorted in four different departments, clearing-house items, cash items overdrafts on local concerns, checks on ourselves and transit items. The clearing-house checks go to the clearing-house clerks to be presented at the clearing house that same morning, the cash items go to our collection department, the checks on ourselves to our bookkeeping department, and the transit items to our Transit Department.

The second and third batches come from the different teller's cages. One of the clerks in the Transit Department takes charge of the sorting of all items by distributing them in the pigeon holes of our regular correspondents. Items to be sent to banks for collection and remittance are placed in a miscellaneous pigeon-hole with memoranda attached, given name of the banks to whom they are to be sent. After the items have all been sorted, they are turned over to the clerks who write the transit letters.

The machines employed for writing these letters are combination writing-adding Elliott-Fisher machines, which automatically add the letters as written. These machines are equipped with automatic accumulating devices, so that the total amount of the entire day's work is obtained automatically when the last letter has been written. Special carbon roll attachments enable us to obtain carbon copies without having to handle carbon papers. The ease with which the forms can be inserted and removed from the machines makes it possible to write short, one or two item, letters a great deal more rapidly than could be done by hand.

Form 1 illustrates a transit letter to be sent to our regular correspondents for credit. It is a folded-over form, perforated so that the original copy can be detached and sent to correspondent with the checks; the duplicate is retained in our files. The duplicate copy has columns for Endorser, On Whom and Amount, but the endorser's column does not appear on the original copy. Form 2 shows a transit letter for collection and remittance sent to a bank with whom we have no reciprocal relation. That form provides for the Last Endorser, Maker and On Whom Drawn.

In describing name of payer of items on such cities as New York, New Orleans or other principal points, we use the banks' clearing-house numbers instead of writing out the names. This saves us additional time and labor, but there are only a comparative number of items drawn on banks located in cities having clearing houses.

After all the letters for the day have been written and the total amount balanced with the mailing desk and receiving tellers, the original copies are mailed to the various banks, together with the checks. The duplicate copies of remittance letters go to the general bookkeeper for posting. The total amount of sundry transit letters is furnished the bookkeeper to be charged to transit account on the general ledger. These copies are later filed, the remittance letters in folders of the various banks, the sundry transit letters in a vertical file, geographically and alphabetically arranged. When a letter has been remitted for or advised, it is removed from the current file and transferred into a permanent binder. Thus, we can always balance our transit account by adding the total amounts of

ITEMS FORWARDED

FOR COLLECTION AND Credit / Remittance

7059 7 26 09

Far Bk & Tr Co
THOMASVILLE ALA

LAST ENDORSER	MAKER	ON WHOM DRAWN	AMOUNT	TOTAL
91	J W KIMBROUGH	U	270 75	
Do	N GRADY	Do	No PRO 41 81	
57	H T DAVIS	Do	14 25	
35	J A BUXFORD	Do	14 25	
83	J C DAVISON	Do	2 85	
14	P L MC LEOD	Do	10 00	
Do	J D ROGERS	Do	10 00	
P & CO	S B WINSON	Do	No PRO 57 35	
CLE BRO	P H MERC CO	Do	56 47	
CUDAHY	PEO DRUGS	Do	22 00	
BUSH GRO	J B WOOD	Do	100 00	
				599 73

CITY BANK & TRUST CO.

Capital $500,000 Surplus Over $450,000

Report by No. 7059 MOBILE, ALA.

FAR BK & TR. CO
THOMASVILLE ALA

We enclose for immediate collection in money and Credit to / Remittance for our account

Yours respectfully,
G. A. TONSMEIRE, Cashier

-NOTICE-

Do not protest items $10 and under.
Items marked X no protest.
Wire non-payment of protestable items $500 and over.
Protest all items unless otherwise instructed hereon.

ON WHOM DRAWN	AMOUNT	TOTAL
U	270 75	
Do	No PRO 41 81	
Do	14 25	
Do	14 25	
Do	2 85	
Do	10 00	
Do	10 00	
Do	No PRO 57 35	
Do	56 47	
Do	22 00	
Do	100 00	
		599 73

FORM NO 2

sundry transit letters in the current file.

Under our former system, when we had bound transit books, we never knew to a certainty that each particular item remitted for had been marked off the books, and in order to balance transit account, we had to prepare a schedule of outstanding items, an operation which was necessarily slow, and not wholly free from mistakes. Like all bound book systems it was practically impossible to write the letters in alphabetical order, and when remittances were received, the records might be found in any one of half a dozen places.

We have found our present system a great labor saver, and that we have a clear and perfect record of the items sent through this department, and are handling, with three clerks, a great deal more business than we formerly did with four, our business in this department having increased more than fifty per cent. since installing this system and the Elliott-Fisher machines.

TRUST COMPANIES

Conducted by Clay Herrick

THE SEGREGATION OF SAVINGS DEPOSITS

THE trust company is interested, perhaps more vitally than any other financial institution, in the agitation now being made for laws in various States requiring the segregation of savings deposits and the maintaining of separate savings deposits by all banks or trust companies which receive such deposits. We have at various times called attention in these columns to the fact that throughout the country the trust company is a large holder of savings deposits, while in some communities it is by far the most important savings institution. There are, indeed, many trust companies, three-fourths or more of whose business is in the savings department.

The essential features of the proposal for the segregation of savings deposits are two:—First, that all accounts and records relating to such deposits shall be kept separate and apart from other records of the bank; second, that the funds received on account of such deposits shall be invested separately, shall not be mingled with the other assets of the bank, and in case of liquidation shall be used for the payment in full of savings deposits before they may be used for the benefit of any other creditors. With the maintenance of such a separate department most of the trust companies which do any considerable amount of trust business are already familiar, through experience in conducting their trust departments. Separate departments for trust business are now required by statute in many States.

Movement Not a New One.

The movement for the segregation of savings deposits has made considerable progress within the last few years, and today nine or ten States have more or less complete regulations in the matter. In some of them, as in several New England States, the separation of the savings business is complete; while in others, like Ohio, it amounts essentially to the separation of the accounts only. The pioneer in the movement was New Hampshire, which in 1891 adopted a statute providing that "Trust companies, loan and trust companies, loan and banking companies and other similar corporations, receiving savings deposits or transacting the business of a savings bank, shall conduct the business as a separate department, and that department shall be amenable to the laws governing savings banks; and the treasurer of every such company or corpora-

tion shall give a bond to the savings department of said company or corporation in like manner as is required of treasurers of savings banks."

In Massachusetts, chapter 520 of the Acts of 1908 provides, among other things, for the total separation of the savings department from the other business of a trust company. The sections relating to this matter are as follows:

Section 1. Every trust company soliciting or receiving deposits (a) which may be withdrawn only on presentation of the passbook or other similar form of receipt which permits successive deposits or withdrawals to be entered thereon; or (b) which at the option of the trust company may be withdrawn only at the expiration of a stated period after notice of intention to withdraw has been given or (c) in any other way which might lead the public to believe that such deposits are received or invested under the same conditions or in the same manner as deposits in savings banks; shall have a savings department in which all business relating to such deposits shall be transacted.

Sec. 2. All such deposits shall be special deposits, and shall be placed in said savings department, and all loans or investments thereof shall be made in accordance with the statutes governing the investment of deposits in savings banks. The duties of the board of investment relative to the investment of such deposits shall be performed by a board or committee appointed by the board of directors of such corporation.

Sec. 3. Such deposits and the investments or loans thereof shall be appropriated solely to the security and payment of such deposits, and shall not be mingled with the investments of the capital stock or other money or property belonging to or controlled by such corporation, or be liable for the debts or obligations thereof until after the deposits in said savings department have been paid in full. The accounts and transactions of said savings department shall be kept separate and distinct from the general business of the corporation.

Sec. 4. The capital stock of such corporation with the liabilities of the stockholders thereunder shall be held as security for the payment of such deposits, and the persons making such deposits or entitled thereto shall have an equal claim with other creditors upon the capital and other property of the corporation in addition to the security provided for by this act.

Sec. 5. All income received from the investment of funds in said savings department, after deducting the expenses and losses incurred in the management thereof and such sums as may be paid to depositors therein as interest or dividends, shall accrue as profits to such corporation, and may be transferred to its general funds.

Sec. 6. All savings deposits which are not now invested in accordance with the provisions of this act shall be so invested, at least one-fifth part before the first day of November in each year after the passage of this act, beginning with the year nineteen hundred and nine, and all such deposits shall be so invested before the first day of November in the year nineteen hundred and thirteen.

Sec. 7. Such trust company may at any time require a depositor in said savings department to give a notice not exceeding ninety days of his intention to withdraw the whole or any part of his deposit.

Just how much change in the manner of conducting a trust company's business would be required by the adoption of such a plan as the above would of course depend upon the methods at present employed by any particular company and upon the State laws regulating investments or trust companies and savings banks. For most companies which already transact a savings business the changes in routine work would be slight. For the individual records separate books for commercial and savings accounts are in general use: the changes in records would be confined to the general books. As for the receipt and payment of deposits, the larger companies are for the most part already in the habit of maintaining separate windows and separate tellers for the care of the two classes of accounts. Except as a matter of convenience, however, such separation is not necessary, even if the law requires a separate savings department. Small companies employing only one teller and one bookkeeper could receive and pay funds on both commercial and savings accounts,—as they do now,—through one teller; and the accounts could all be kept by one bookkeeper. It is probable that the cases involve absolutely no changes in the routine work of the company, except as to the general books. As to the latter, it would of course require the keeping of separate general books for the savings department.

Investment of Savings Funds.

The matter of the most importance, both as to change from present methods

and as to possible effects upon both the company and the general public, is the separate investment of the funds of the savings department. In States where the investments prescribed for savings banks differ materially from those permitted to trust companies, very considerable readjustments would be required; while in some states the shifting of investments would not be burdensome. It is not improbable that if the movement should spread, it would be accompanied in many States by a re-classification of investments permitted to the various financial institutions.

The argument for the segregation plan is based essentially upon the necessity of safe investment of savings funds. Hon. Pierre Jay, vice-president of the Bank of Manhattan Company of New York,—and formerly Bank Commissioner of Massachusetts,—in a recent address before the Maryland Bankers' Association, calls attention to the fact that safety of investment is a fundamental requirement of most of the savings bank systems of the world, and shows that the principle of special investment of savings deposits is generally recognized not only in Europe, but also in this country.

He goes on to show that although twenty-six States of the Union have adopted special standards of investment for savings deposits, such legislation is in many States a dead letter because of the fact that most of the savings funds are held by State and national banks and trust companies, in which no special investment of savings deposits is required. Illustrating this point, he says:—"West Virginia has an excellent mutual savings bank law, with well-selected investments; but of the $12,500,000 of savings deposits in the State, as reported to the National Monetary Commission on April 28, 1909, only a little over a million dollars were in the solitary mutual savings bank, whereas the other eleven millions, or ninety per cent. of the total, were held by the 260 State and national banks and trust companies.

"Therefore, it is clear that the savings bank law of West Virginia is not an effective one. The West Virginians evidently do not care to organize mutual savings banks, and as there is but one in the State, the people are obliged to put their savings in stock banks with unrestricted investments."

Safety for Savings.

This illustration,—to which others might be added,—shows how legislation designed to protect savings deposits must necessarily fail to give the intended protection to all savings depositors, unless the legislation affects all banks which receive such deposits. Of this there can be no doubt. The questions that remain are whether savings deposits actually need added protection, and whether the separate investment of these deposits gives additional protection.

On the question of safety it is common to cite statistics showing how small a fraction of one per cent. of all deposits have, in a series of years, actually been lost. The figures really show that the loss has in the aggregate been very small as compared with the total deposits handled, and such statistics have a value in the discussion of general plans for improvement.

But what some persons overlook is that from the standpoint of the public outside of the banks the fact that only a small proportion of all the savings in the country have been lost does not exactly satisfy the individual who has a savings account. What he wants to know is that his own savings are in no danger. If he has saved for a lifetime to accumulate enough for old age, and then loses it all through some bank failure, it is poor consolation for him to know that he is one of a small minority, and that more than ninety-nine per cent. of all the savings deposits in the country for the last fifty years have been perfectly safe.

What strikes him with full force is the circumstance that *he* has lost his money, or most of it, at a time of life when he cannot replace it, and when its loss must mean intense suffering. To him the statement that since the passage of the national bank act the losses of deposits of national banks have

averaged but one-twenty-sixth of one per cent. a year is hollow mockery.

No reasonable man with red blood in his veins, who has seen the despair of people whose entire savings were tied up in some bank failure, can be satisfied until we have a system under which an even one hundred per cent. of savings deposits will be absolutely safe. The public certainly will not be satisfied until then, and ought not to be.

Moreover, it is short-sighted policy, merely from the standpoint of business, for a bank or banker to fail in the adoption of every reasonable measure that will add to the security of depositors. Every bank failure hurts all the banks. The maximum prosperity of the banks will never be reached until the banks are, and are believed by the public to be, absolutely safe. Nor will the urging of measures like the guarantee of deposits ever cease until the necessity of making our banks safer ceases to appeal to the people. Those bankers who justly regard such proposals with alarm need to remember that they may be successfully combated only by the adoption of more rational measures which will accomplish the same result. The self-interest of the bank and the rights of the public alike demand that very reasonable precaution be taken.

But will the separate and special investment of savings deposits contribute to the safety of such deposits? That it alone will not absolutely assure entire safety may, of course, be granted; but will it increase the element of safety? To this question the answer of the enlightened nations of Europe and of more than half the States of the Union is, as Mr. Jay points out, yes. In savings bank legislation no principle is more thoroughly established than that the investment of savings deposits should be carefully safeguarded. This has been the judgment of the past, and it is endorsed by the best thought of today. The investments permitted should be those which afford the highest possible degree of security.

Doubtful Results.

To the writer the objections offered to the segregation plan do not seem well founded. Those objections which are based upon supposed inconveniences to the bank themselves, and to the necessity of readjustment, would not be of serious importance even if their reality is conceded. The end to be attained is not the convenience of the banks, but the best interest of the depositing public. In the long run the true interests of the banks and of the public are identical; or, in other words, what is best for the public will also be best for the banks. In the end that bank best serves itself which best serves the public.

The objection that it is a difficult matter to determine just what deposits are savings deposits may be dismissed as trivial. It is true enough that the line is not always clearly marked between savings and other deposits, but that it can be marked is shown by the daily practice of numerous banks which do make the distinction. The Massachusetts statute above quoted makes a clear distinction. If given the opportunity, the depositor himself will readily solve the problem as to whether he wants his deposit considered a savings deposit or not.

To the objection that the plan might frighten away other than savings depositors, because the latter are preferred creditors, it is easily shown that experience has proven that fears of this kind are groundless; for savings depositors, as well as municipal and other depositors, have long been preferred creditors in many States in which general deposits have steadily grown.

Sudden Readjustment Would Be Harmful.

Of more moment are the objections that the plan might result in a reduction of funds that could be used for general business purposes and for commercial loans, and that there would be a glut of funds that could be invested only in real estate mortgages and other approved securities. On this point Mr. Jay aptly calls attention to the fact that in most States the amounts already

invested by the banks in securities which are legal for savings banks equals or exceeds the total of savings deposits in those States. In such cases the problem would be the comparatively simple one of assigning such investments to the savings department. There doubtless are some States, however, in which a readjustment of investments would be required, depending upon the provisions for investment of savings funds and upon the present holdings of the banks.

In a recent address before the Pennsylvania State Bankers' Association, John G. Reading, president of the Susquehanna Trust & Safe Deposit Company of Williamsport, Pa., claims that in his State the adoption of the segregation plan would result in a contraction of $150,000,000 in commercial loans, the bulk of which he believes would under the present law have to be re-invested in real estate mortgages, since investments in Government, Pennsylvania State or municipal bonds (the only investments other than real estate mortgages permitted to savings banks in the State) bring so low an interest return as to be out of the question. If his figures are correct, it is evident that an attempt at sudden readjustment would have serious consequences.

However, the readjustment need not be, and under any carefully considered plan would not be, sudden, but would be spread over a number of years. In the case of Massachusetts, five years were allowed, and that time might be extended. Another possibility in Pennsylvania would be the amending of the savings bank law to permit of other classes of investments which in recent years have by many States been regarded as safe. It may be pertinent to remark, too, that if $150,000,000 of savings deposits in Pennsylvania banks are now invested in commercial loans, the fact emphasizes the need of segregation of savings deposits in that State.

The segregation plan is now in operation in enough States and under sufficiently varying circumstances to justify the belief that experience will soon demonstrate whether it is a success. Its operation has thus far proceeded without serious inconvenience and with gratifying results. From present indications it is probable that the movement will spread to other States and result in more satisfactory conditions.

JOHNSONS, IN NEWMAN GROVE, IOWA, NUMBERED FOR IDENTIFICATION

INSTEAD of it being used as a slang expression here this little town and the community round about are afflicted with "too much Johnson." Eric Johnson, cashier of the Newman Grove State Bank, is the man here who is authority for declaring that there is "too much Johnson."

"I believe there are more Johnsons to the square inch in and around this town than anywhere else in the world, figuring on the same area. I have counted them up and find that, taking this town as a center there are 958 Johnsons within a radius of twelve miles and of these 629 have the Christian name John.

"A check drawn on the local bank will not be paid if it is simply signed 'John Johnson,' no matter what the standing of the Johnson may be. Neither will the indorsement 'John Johnson' be accepted at the bank or any of the stores. There are so many of them that we have to adopt another method."

Here is the method as explained by Cashier Johnson, though not one of the Johns:

The bank and the stores have decided that while the 629 John Johnsons who do business here are entitled to credit there must be some way of identifying them and not making charges against one particular one when the charge may lack several hundred points of being correct. The merchants and banker have agreed that one John Johnson shall be "John Johnson No. 1," the next "John Johnson No. 2," and so on until all of the 629 have been given and have accepted their numbers.

The John Johnsons take to the idea kindly and like it so well that they are notifying their friends, requesting that when they write letters to them they address them by number as well as by name. In this way they figure that if a letter received at the office intended for John Johnson No. 629 is delivered to and received by John Johnson No. 23 it will be an easy matter to find out who is to blame for the error.—*Newman Grove Correspondent Sioux City Journal.*

INVESTMENTS

Conducted by Franklin Escher

THE BIG R. R. DEAL THAT WENT WRONG

By A. Franklin

A syndicate of high degree
Comes stealthily across the sea
Bringing a brilliant, bold intent
To chain with steel the continent,
And secretly it sets about,
To buy the Yankee magnates out.
From tropic heat to Arctic cold
It hath made millions manifold;
Here's gold and glory more to reap,
The while these purse-proud Yankees sleep;
Rock Island, Lehigh, Wabash, Mop,—
The seas alone its sway shall stop.
Stenographer, accountant, clerk,
It hires by scores and puts to work;
Analyses its experts make
That praise the roads it means to take;
Its members mum ride near and far,
Inspecting things from private car;
And while they chuckle as they choose,
Still all the Yankees strangely snooze.
Their minds made up, they buy, buy, buy;
The outlook's fair, though stocks are high.
Each lot is based on well-placed loan,
They mark the railroad map their own,—
And almost have their plans prevailed
Where Goulds and Harrimans had failed.
Lo! Mop's off twelve, Rock Island ten—
Flies every stock back home again,
No title save of high-born names
This peers' son syndicate retains.
In place of its pounds, shillings, pence,
It owns this dear experience:
Though sound the Yankee slumber seems,
'Tis lighter far than others' dreams!
—Boston News Bureau Poet.

THE big mystery with regard to Rock Island is out. There may be others to come and with regard to the properties concerned, the situation is anything but clear, but so far as the main facts of the case are concerned, the light has been turned on. Who is buying Rock Island, Denver, Rio Grande, Wabash, Lehigh Valley?—that was the question continually asked during the year's early months, and which baffled the most astute market observers. It is answered now. The market's suspicions that underneath it all something was going on, something important, have been fully confirmed. There *was* buying of these properties going on, concerted buying and with an object. The Pearson-Farquhar syndicate was the buyer. That has gone to smash now, letting a flood of light in on the whole matter.

As conditions disclosed show it up, the whole case appears to be one of over-confidence. As was fully set forth in an article appearing in January "Investments," the Rock Island crowd had for some time past been fostering the ambitious project of an ocean-to-ocean line. Came to them one Pearson and one Farquhar. "We have all kinds of foreign backing," they said; "let us in on this scheme and we can be of great assistance in helping you carry it through." The Reid-Moore party were not slow to take up with this new ally. Here was the very thing they needed most—capital, financial strength. Into their inmost councils were admitted these foreign capitalists. There was set on foot what was perhaps the most ambitious project ever undertaken for consolidating into one system a great number of powerful railroads.

The Scheme.

As events have shown, the scheme was fatuous—there was never enough money behind the syndicate to carry out plans of such magnitude, especially as these plans conflicted directly with the existing order of things. With the Reid-Moore party already in control of the vast Rock Island system, stretching westward from Chicago, with control of the Lehigh Valley resting pretty securely in their hands, with every indication that they could get the Wabash as a connecting link when they wanted it, it seemed indeed as though the great plan for an ocean-to-ocean line had a first rate chance of success. And as a matter of fact, there was nothing wrong the matter with the scheme except that these interests were reckoning without their host—their host in this case being

the proprietors in possession of the territory into which the new combination was trying to force its way.

It was indeed a scheme to appeal to the imagination. The Western Pacific from San Francisco to Salt Lake, from there the Denver & Rio Grande and the Rock Island into Chicago, eastward again the Wabash and the Lehigh Valley straight into New York. That was to be the great transcontinental. Small wonder that these men of big ambitions found in it a scheme to fire their imagination and to cause them to associate with themselves all the capital resources they possibly could. Had the scheme been successful, think what it would have meant to them!

The Stock Market Side of It.

That was the condition of things during the early months of the year. Stocks in all these properties were being bought as they were offered in the market. For Denver & Rio Grande, for Missouri Pacific, even for the despised Wabash, there was a continuous demand. Sometimes at concessions, but steadily nevertheless, these stocks were taken. There was never a time when they could not be sold. Who was buying?—that was what the Street kept wondering. Steady buying in so many places along this transcontinental route dreamed of by George Gould finally awoke suspicion, and rumor that another attempt to put through the Gould plan was afoot became rife. Cleverly, however, the buying was done, and in such a way that the buyer's hand was never shown. The Street realized that it was going on, realized the big plans were under way, realized that interests of the first financial strength must be involved—suspected, but was unable to figure out quite what it all meant.

And so everything went along well until the financial skies began to darken and clouds of trouble to gather on the horizon. First came the postponement by the Supreme Court of the trust cases and with it the certainty that this evil influence must overhang the market for a year to come. Then came the insistence of the demands of labor, bringing about a general increase in wages and precipitating the bitter fight for freight rates. The banks about this time, too, made a report showing a vast increase in loans and a general position warranting the expectation of trouble later on in the year. Under these influences, prices began gradually to recede. Strong interests felt that stock liquidated at prevailing prices could be bought back more cheaply later on.

When the Storm Broke.

It is unnecessary in connection with this Rock Island matter to go deeply into the details of the market's action during the first half of the year, but from what has been said, it can plainly be seen that the crumbling market put a severe strain upon the foreign syndicate which had started in to do such great things with American railroads. They were loaded with stocks—stocks of a kind on which they could readily borrow when the financial skies were smiling, but stocks of a class on which loans were quickly enough called when once trouble began to brew. All along the line cruel recessions took place in the quotations for these securities. For a long time the great financial strength of the foreign syndicate made it seem as though it would be possible to ride out the storm. So probably it would have been had the other big market interests been friendly to the one which was sinking deeper and deeper into trouble. Exactly opposite, however, was the case. The railroad interests in control of existing transcontinental lines could hardly be expected to view with much distress the troubles of this would-be newcomer.

Finally the water became too rough and lest this great craft in foundering should cause too great a disturbance, a strong syndicate, headed by Kuhn, Loeb & Company, stepped in and at a price—its own price—took over the stock holdings of the syndicate which had gotten itself into trouble. Immediately the market experienced great relief. It was as though a great weight which was

hanging around its neck had been suddenly taken off.

After Effects.

To those into whose territory the Pearson syndicate was trying to push itself all this was more or less gratifying, but looked at in a larger way, there is some question as to what may be the after effects of what has taken place. The Reid-Moore group, as is well known, is one of the most powerful, financially speaking, in the country. With them, associated in this venture, was this other powerful foreign syndicate, the two of them comprising a financial power representing untold millions. They started out to do something, accumulated an immense amount of stocks, and in the end, suffered complete defeat and had these stocks all taken away from them. Marketwise, this is a consideration far too important to overlook. There has been a great shifting about of securities. Has it helped or has it hurt things? That is the question as it appeals to the investor.

It will be possible to give a more definite answer when it is known what the Kuhn, Loeb & Company syndicate proposes to do with the stocks it has acquired. Into its hands has come this great mass of Denver & Rio Grande, Missouri Pacific, Wabash and possibly Lehigh Valley. What will be done with these stocks? Will the Kuhn, Loeb & Company interests carry out the ambitious plan of an ocean-to-ocean route, or will these stocks be fed out on the market as the opportunity offers? The latter course, it must be admitted, seems the more probable. In its railroad affiliations, the Kuhn Loeb interest is pretty definitely fixed already. That group of financiers would hardly be likely to undertake the kind of a scheme, represented by this plan, of a new route from New York to San Francisco. Far more likely, indeed, does it seem that the stocks taken over from the Pearson syndicate will be held no longer than necessary and sold at the very first opportunity. Gifted with rare stock market sagacity as are these interests, it is hardly likely that this selling will be done in such a way as to cause disturbance. And yet from the stock market point of view the fact that this selling will sooner or later have to be done can hardly be regarded as anything but a most unfavorable circumstance.

FROM A FOREIGN VIEWPOINT

BECAUSE of the better perspective in which they see conditions prevailing here, foreign bankers' views of our market are often far clearer than our own. Speaking of conditions in the United States, Sir Felix Schuster, head of the great Union of London & Smith's Bank, of London, said:

"The condition of affairs in the United States has for some time past been watched with a certain amount of anxiety, and exports of gold to that country are already taking place. The best opinions, however, that I have been able to obtain do not appear to warrant the pessimistic views not infrequently expressed of the economic condition of the United States. It is true that the increased cost of living has brought, as it was bound to do, labor questions into the foreground; legislation also is feared in some quarters which, while dealing with acknowledged existing evils, might inflict injury upon legitimate commercial interests. Perhaps, too, the lessons of the crisis of 1907 were somewhat too rapidly overlooked in the great and sudden revival of last year, and the banking and currency problems disclosed in that crisis have not yet been solved. But similar doubts and anxieties, and greater ones, have before this been overcome by that resourceful people, and there can be no question of the intrinsic soundness of their increasing prosperity and development, rapid, too rapid, perhaps, as that development has been. Our information indicates that the outlook and conditions are considered satisfactory, that difficulties in the commercial markets are not anticipated, that banks are pursuing a conservative policy, so as to keep their resources well in hand to meet the autumn demands. Gold exports from this country are not now expected in large volume; they may possibly occur later, but, according to present estimates, not in excessive amounts. A forecast is more than ever difficult, in view of the contradictory statements as to the condition of crops in the States, on which so much depends."

SPECULATION IN BANK STOCKS

By Charles W. Stevenson

IN considering an unusual subject of this kind it must be admitted that there is no law, either artificial or natural, that can confine the dealing in shares and commodities. Under our system of using the corporation as a frame upon which to string a business we must admit the right, and best results of transfer. There is in certain corporations a restriction on the right of sale imposed by the issuing power itself. But such is not the case where the corporation is free, and willing to have its ownership pass where it may, being only concerned in the conduct of the business itself. True, in the best of corporations, and especially in the bank stocks of the smaller banks, there is the security of a controlling interest desired in the hands of the men who are the chief officers. But this is not imperative. And it is exercised against

no law of transfer, but merely out of the goodwill and benefit to the parties concerned. A way to transfer the value and property in corporate shares must always attach to the individual owner. And in this lies utter freedom from that oppression which comes from the management of the institution through the domination of a few. The bank is no less amenable to this law than others, taken in its fundamental principle.

Not only is an individual right involved but the bank organism itself must always have the benefit among the people of that open regard which attaches to any stock that may be purchased by the people with all the attending rights of inspection.

A Wide Distribution Desirable.

It will be unnecessary to go into the good results of a wide ownership and distribution of bank stocks as a matter of public investment. Here, again, the right of ownership cannot be gainsaid. But, from the standpoint of the bank, it is desirable for the interest of the institution, as is apparent to all thoughtful bankers, that the stock be placed where it will do the most good to the bank. There is competition in banking as in everything else. And it is the bank that can maintain its own right to exist, because it has inherent elements of strength, that is to succeed. This is to say that the unifying of the divers commercial interests of a city or a community give to the bank this inherent strength. This is always best subserved by a proper placing of the stock. But it is also a guaranty that the ownership of the stock is for an investment which will carry with it such an interest as will assure to the bank in question the full business of the owner as a depositor and a borrower. To this may be added perhaps that of a director; and if not this then that of a friend who will bring business to the bank.

Therefore there is good in a wide distribution of the stock of the bank. In the matter of ownership outside of this it may be desirable according to the situation and conditions that are at hand. For instance, in a small country bank it is often desirable to have some one of the leading men of the community interested, not for the business which he may bring, but for the goodwill he will bring and the character which his association will add to the institution. In the same way with a city institution there is need for the great capitalist, if it be no more than for the implied strength he gives.

Investment Feature Adds to Stability.

Taking the city institution as an example, the stock which is regarded as a good investment by the general public because of the whole makeup of the bank adds to the stability of the bank. For confidence is unshaken in that institution which has the general goodwill. And where the stock is desired as an investment, not for the large profits which may accrue, but for the safety of the placing of funds, then it will attract to itself the best there is in the community.

It is very easy to make a showing in this regard. And yet outside of the publishing of the names of directors there is little done to show to the people of a city who are the owners of the stock. One of the future changes in the great banks of the country must be regarded as their popularization at home. The stocks of the national banks of the country are largely scattered. But when they become the property of the men and women of moderate means in the city of operation then the bank

will grow stronger thereby. For when there are hundreds of stockholders in the city of operation, among this class there will be hundreds of special pleaders for the bank. There will be hundreds that will read the published statements with avidity and compare them with rival institutions in the same city. It is this which will give to the bank an added strength not otherwise attainable. But all this is on the ground purely of investment, of buying and owning for the safety of the placement, and for the steady and reasonable returns on the capital.

Ownership Without Interest Detrimental.

On the other hand, it is not desirable that aliens shall own shares unless it will bring ties of financial interest together that will be for the good of both institutions. Just to own shares in a bank half way across the country is of no advantage to the bank otherwise. The dividends not only go out of the country, but there is no benefit through the drawing in of business which comes with a home ownership. And there are many national banks of the country which would be much improved by this distribution of the stock near to the base of operation.

A bank lives by what it feeds on. Its food is deposits and its growth is credits. If it is to be of full benefit to the community in which it exists it must render to that community the full force of its being. It cannot do this if it is deprived of the benefit to it which accrues through home ownership for investment and association. Stock scattered over the country which does not add business to the bank is just that much waste power.

Speculation Dangerous to Stable Operation.

In the modern complexities of business the custom of buying and selling shares has invaded the field of banking. And there are now daily and weekly quotations of bank stocks in some of the larger centers. And especially since there have been mergers and rumors of mergers there is a growing tendency to buy and sell shares for the immediate profit there is in the trade; in a word, to speculate. It must be dangerous to the management. And if it shall continue to increase, must become one of the items of banking interest that will demand thought and attention. For there is no good can come out of this form of trading. It matters not that the ownership is independent of this. It matters not that it does not come close to the management. It will in time come closer and in time it will make its influence felt to the detriment of the safe and sane principles of banking.

A bank occupies that peculiar position in the business world that gives it cognizance of all the buying and selling, both legitimate and speculative, without any participation therein. And it is this position that gives it strength and the power to meet the issues of commerce as they come up through a credit system built on confidence. But suppose that the public understand that a bank is in the speculative markets, and that men are fighting for the control thereof by the usual methods used in industrials and railroads, what will be the effect on the deposits? There ought

to be absolutely no speculation in bank stocks. And there ought to be some method adopted and some restriction devised which will prevent the sale of shares of stock in a speculative way. But it should be done through the business and banking world.

Fluctuations in Price May Cause Panic.

It needs but a glance at the fields of investment where there is speculation to discern that it would be highly detrimental to a bank to be involved therein. Even the matter of price of shares without the schemes which are used to bear or bull the stock would within itself tend to produce panic. The depositor, noting some day a drive in the stocks of the Great National Bank of Gambletown, would immediately begin to listen to the rumors that fill the air and the sensational stories that are compounded for the purpose of the game. And there would appear in all probability some feature that would cast a doubt on the continued profits or show some undue acceleration therein, and this would bring to light something connected with the internal management. Such must be the inevitable result. This depositor, perhaps, not knowing just how much weight to put to the incident that is relied on for the speculative feature might scent something in the wind that would make for the ultimate downfall of the bank. He would immediately seek to withdraw his deposit. Others would do likewise. And still others, seeing and hearing vague and shadowy rumors, would also seek to get their money in hand. And thus a panic might be the reasonable result.

We have not reached anything like this in the speculative field of trading bank stocks. But it may not be far distant, if the growing tendency to speculate herein is not by some means frowned upon. The people own the banks. It is to their interest that they be run on the natural principles that give them strength and helpfulness. But to do this they must be like a city set upon a hill, whose light cannot be hid. They must be above the speculative market, not a part of it. And, indeed, the bank has a duty to perform always in curbing speculation in the granting of its loans.

Creates Opportunity For Injurious Talk.

One can easily imagine that there might come a time by the mere trading in stocks when there would be banks organized, merged or manipulated for the purpose of depressing the shares or unduly raising their price. That such a condition is wholly foreign to the safe stable banking position is admitted. There can be none of the speculative features about a bank stock. And to create a condition in which there might be engendered something of the kind would be to imperil the institution.

But leaving this objection aside, the mere fact that there is speculation in a certain bank's shares may give rise to talk that may prove very injurious to its welfare and even its safe conduct. For if there is one impregnable institution in all the city or community it is the bank. Here men rest their full confidence. And as all roads lead to the bank, so all men come to the bank with a trust in its management and a confidence in its careful conduct and its inviolable security. Let some manipulator of the stock market take hold of a bear campaign or a bull tossing, and what becomes of this dignity that hedges about a king? It is gone. The

proposed change in some part of the personnel gives opportunity to talk. The fact that a certain failure may come close to the institution is enough to create antagonism and distrust. And it will soon become the business of the speculator to take hold of any item and make it serve his purpose in affecting the price of the shares. If the statement shall show that the bank has not the required amount of reserve on hand for the time it may be made much of in the interest of a clique. You say this is anticipating, and will never come. It may be. But a less degree is only less harmful.

Contrary to the Spirit and Practice of Banking.

There is something about the make-up of a bank that prohibits speculation. These shares have a value, it is true. They are the property of the individual. As we have shown, it is not to the best interests of the public and the depositors that there be restrictions around their transfer. This question was asked of the Governors of the Bank of England by the Monetary Commission. The answer was that there was no attempt to control the ownership of shares, though in other large London banks there are restrictions on transfers. But it was averred there could be but one vote to the owner, and after the limit of that vote had been reached, the owner of the shares could not vote. Be this as it may, when applied to the banks of the United States it remains that the bank ought not to be used as a vehicle of speculative ownership for the reason that the assets are the trust funds of the depositors and they must stand high above the turmoil of trade and be in every dollar worth their face. Not only will the speculation tend to hurt the bank in the public confidence, but the fact that trust funds are at stake will tend to render them immune and sacred.

Hurtful to the Depositor's Trust.

No bank can long exist without a complete trust on the part of the depositors. If stories which affect the bank's standing and character seem to be a part of the speculative tactics, should they grow, which may cause a panic, then it is incumbent that those in the management of the large banks see to it, as far as in their power to, and prevent the dealing of bank stocks and their quotations on the stock exchanges of the country. This may at first seem to be in derogation of the rights of the parties who are shareholders. But if it is necessary in the Bank of England to control the number of votes that one owner shall have, then it is incumbent on the management here to see that the shares be not used for the sole purpose of getting positions within the institution. It would be much better if the shares were all owned by residents of the city or district in which the bank does business for the sake of the business which such ownership brings. This open conduct of the bank, the publication of the capital and the condition in the newspapers, must carry with it a feeling of com-

plete trust, or it will be made the subject of attack by manipulators. Indeed, as matters stand now, be it even a new bank it is best that there be no speculative value whatever concerning the shares.

Nothing should be done by the public that will hurt the bank's standing. There is a special law now on the statute books of the nation that he who wantonly assails the character of a bank is amenable to punishment and damages as in other cases of slander. And this ought to be the unwritten law of every good citizen and community. The bank is too vital an institution to all the people to admit of anything like vicious discussion as to its assets.

THE PERSONAL EQUATION IN THE BOND BUSINESS

By George E. Castello

EXPERIENCE in selling various lines, a large acquaintance among salesmen, and a still larger acquaintance with buyers and consumers of all classes, convinces me that in no line does the element of personality exert the influence that it does in the bond business. It is the logical conclusion of one of the most important functions of business life.

Three generations ago, there was not time for specialization. It is true that in a few isolated cases we had great specialists, but the lawyer, physician, bookkeeper, etc., etc., was a "general practitioner." There were too few men then. The individual was a general utility man, whose activities embraced, or tried to embrace, all the subjects covered by his profession or business. As a result, the knowledge that the ordinary human being can acquire had to be spread out pretty thin to make it cover the required ground.

Time has changed all this. General knowledge has increased at a pace which has far distanced the individual capacity for absorption, retention, and the subsequent practical application of the principles previously acquired. Knowledge, ever impatient, is never content to stand still. With the increase of knowledge came the inevitable concomitant increase of science, which is knowledge reduced to principles. What, then, was more natural than specialization?

Personality the Keynote of Achievement.

In this bustling, rushing time, the opportunities for individual development are far from large. On the other hand, the opportunities offered for the individually developed never were larger. Personality is the keynote of achievement—the slogan of success. Why have we not more of it? Primarily, the business houses are at fault. They turn a man out with a *list* of bonds, saddle him with the duties of a lot of unnecessary, and sometimes unread, reports, and say "Make good." One sees these men enter a bank and submit the list to the official in charge of the purchasing of investment securities. There they are, take your choice—for all the world like a peddler opening his pack. On the list may be half a dozen kinds of bonds, and the individual number of concerns represented may run up to forty or fifty. The salesman will submit this same list to all his customers;—tradesmen, phy-

sicians, retired manufacturers, in the same "you-pays-your-money-and-you-takes-your choice" style.

The point is—how much do these salesmen *know* about the bonds they are selling? What do they *know* of the physical conditions of the properties? In most cases, they know—and that more or less imperfectly—just what is printed on the circulars they distribute. The soliciting of thousands of dollars of earnings and savings is far too serious a matter to be taken lightly. Kipling writes of Tomlinson's account of his deeds—

"This I have read in a book," he said, "and that was told to me,
And this I have thought that another man thought of a prince in Muscovy."

How many bonds are sold on this very plan?

The Training of a Salesman.

If a bond house will take the time to acquaint its men personally with all the details of the securities to be sold, assigning the various grades and classes of bonds to the men best qualified to handle them, then give these men the opportunity to work up a clientéle among the classes to which their particular assignment would most appeal, there would then be offered an opportunity for individual effort and personal endeavor which would develop, to the utmost, the personality of the salesman. What a splendid thing the result of this plan would be, and to what an enormous extent business would be facilitated and benefited! If the bond be an industrial, let the salesman visit the plant, see everything that is being done, thoroughly familiarize himself with all the details of the property—its history, present condition and prospects—keep him on the grounds until he is filled with a legitimate enthusiasm that will make his work a pleasure. The man thus equipped has laid the foundation for specializing. If he be the right sort, the selling of the bond will be the *means* instead of the *end*. A specialist must idealize, for what is Idealism but Selection, and what is Selection? Specialization. The property being bonded must appeal to him so strongly that his thought will *not* be of his commissions, his salary, or his sales account, but of the welfare of the concern, of what benefit the sale of the bonds will effect.

Women should make splendid security-sellers, by virtue of their highly developed intuition. Nature has endowed them with this wonderful ability to arrive at a logical conclusion without previous logical process. What an invaluable asset selective intuition would be to the business man! A sixth sense, which would enable him to determine at once the kind of security which would appeal to an individual. Yet this power can be developed, and some men, unconscious specialists, know at once to whom to go with a particular bond. This is the sort of salesman referred to at the beginning of this article. *The man who knows!* What does he know, and how does he know it? First, he *knows himself,* and has the confidence of that knowledge. Secondly, he knows what his bond represents. Thirdly, he knows his customers—a knowledge which cannot be acquired except by keen observation, hard work, and unlimited comparison and thought. Fourthly, he knows what to do, how and when to do it, and has developed his sense of the "eternal fitness of things" to such a degree that he has reduced to but a fraction of its former force, the axiom "Humanum est errare."

A False "Quantity" in the Personal Equation.

We are told that "a good salesman can sell anything," and we grant the fact. Furthermore, we prove it by pointing to the thousands of buyers who have been "sold." Proved by the lowest form of wit, it is true; but the morals of the proof are, if anything, a shade higher than the morals of the statement.

Not long ago I talked with one of the best "salesmen" I have ever met. I had not seen him for over two years, at which time he was working in the Middle Western States.

"Where are you working now?" I asked.

"New England."

"How do you find business?"

"Mighty slow. Great place if the people know you, though."

"What's the matter with your old territory? I thought you had a splendid clientéle there."

"So I did, and I made big money out of it. Trained the customers to come right up and eat out of my hand. Then I took out a million X Y & Z 4½, and made the juiciest killing you ever dreamed of! They went like hot cakes! Everyone knew me, and when I said the stuff was O. K., I had to put up a sign, 'Line forms on this side.' Of course it was bunk, and pretty soon the folks were looking for little Willie with cannon and things. That's why I'm in New England. But there was good money in it," he added, regretfully.

Here we have an instance of the material for a specialist being wasted. Worse than wasted; deliberately thrown away—sacrificed to no worthy end. This man had lived among his customers for years, and had gained their confidence to a degree second only to that enjoyed by their physicians and clergy. He knew absolutely what sort of bond would appeal to this one and that one, and, taking advantage of this knowledge, deliberately violated his trust.

"Everyone knew me, and when I said the stuff was O. K., it went like hot cakes." That is the whole story. The Personal Equation sold the bond, but the Equation contained a false quantity in this case. What a ghastly travesty on the term "Securities"!

How Methods Have Changed.

The increased cost of living makes it imperative that the individual investor secure higher interest on his capital, and the lowering of savings banks' rates offers a golden opportunity for the starting of a specializing movement among bond men.

Fifteen years is not a very long time in which to overcome a custom of several generations' standing, yet this is what has been done. Not entirely overcome, perhaps, but the exceptions are in cases where the new order of things would not be particularly useful.

Fifteen years ago, not a banking house in the country had an "outside" representative! When it became known that a firm had detailed a man to go to various cities, selling securities, hands went up in amazement, heads were shaken sadly, and the enterprising bankers were immediately voted "short of funds," and their suspension and failure momentarily expected. Now,—what a change! The firms not having men on the road can be counted on the fingers of one hand, and the travelling force of a bond department is a very potent factor in a banking house.

Here we have an unconscious specialization, the evolution of the concomitant development of a growth, necessitated by the inevitable "broadening" of ambitious and progressive concerns. Furthermore, we now see tremendous institutions, which handle nothing but bonds!

Are we not, therefore, justified in premising a further specialization—a specialization by, for, and of the individual? This done, it is not difficult to visualize a condition dominated by the personality, a knowledge of the particular financial needs and preferences

of the individuals by the individual, and a consequent facilitation of distribution and digestion which will repay a thousand fold—in time and money—the initial investment for the development of the Personal Equation.

KNOWLEDGE OF INVESTMENTS—PART I

By Charles Lee Scovil

IT has been wisely stated that the selection of sound investments is largely a matter of education. As applied to persons setting aside at stated intervals a certain proportion of their earnings, business men carrying over a surplus from year to year, or to those dependent upon the income-producing power of their money, the importance of this statement cannot be exaggerated. Further than this, it is a subject which should be a familiar topic of discussion in the homes of all prosperous people.

No man can foretell at what time, or under what circumstances he may cease to be a factor in the activities of this world. It is therefore a positive duty, or at least a wise precaution, for him to familiarize the immediate members of his family with the subject of investments. Otherwise, as frequently happens, they may be persuaded, through lack of knowledge, to invest in venturesome schemes the money accumulated solely for their benefit. This should make it perfectly clear to fair-minded persons that if the habit were formed of discussing the subject of investments in the home, there would be a vast decrease in the large percentage of losses resulting from the placing of money in unsafe channels.

Entirely aside from this there are men without number who are large earners of money, and who, apparently without any uneasiness of mind, absolutely ignore the necessity of saving, or investing with wisdom, any part of their earnings. Not only is this true, but it is also frequently the case that men believe themselves to be saving money, when they are simply turning it over to unscrupulous individuals to do with substantially as they may elect. A man of moderate means, or one conducting a profitable business, who fails to adopt a frugal policy in times of prosperity, neglecting to give thought and study to the safe investment of his surplus earnings, usually lays up for himself, in times of adversity, an ocean of regrets.

People should know what sound investments represent, their affiliations with progress and prosperity, and their direct bearing upon the comfort and independence of wage-earners. Our railroads, public utility and industrial corporations—in fact, the bone and sinew of every industry in the country—are distinctly related to sound investments. The government itself and municipalities rest largely upon this solid foundation. It takes money, the money of individuals collectively, to finance and maintain all of these interests. While it must always be true that some investments will be more speculative than others, and that some so-called investments will ever exist as subterfuges to extract money from the unwary, there are practical and comparatively simple ways by which the investor can learn to avoid the danger spots and become interested in only meritorious propositions.

Some Basic Principles.

It is a recognized fact that, in times of great prosperity, inexperienced investors usually buy a large number of undesirable securities. The following are probably the two chief reasons:

First—During such periods, the cost of living is so very high that investors are tempted to give too much thought to the amount of their dividends or income, thus neglecting to scrutinize with sufficient care the quality of the security to be afforded their principal.

Second—In times of great prosperity, the high prices for raw materials, manufactured products, etc., lead owners and proprietors to believe that larger

profits could be made if sufficient capital were available with which to extend their respective fields of operation. The natural result is incorporation; in many instances based largely upon estimated earnings and dreams of the future. As time goes on, and the inevitable decline in the volume of business takes place, with lower range of prices all along the line, the inexperienced investor, who may have placed a part of his funds in such enterprises, finds himself to be the owner of a class of securities from which little or no income is to be derived, and for which there is absolutely no market. It is only after experiences of this character that many investors learn the basic principle of safeguarding their surplus funds, i. e., *always to make the question of security the primary consideration.*

Some Unusual Opportunities.

This must not be construed as implying that it is difficult to make desirable investments in times of great prosperity. On the contrary, during such periods many long-established and sound corporations with whose securities well-informed investors are familiar, find it expedient to become heavy borrowers, chiefly for the reason that enlarged facilities are essential to meet the increasing demands of their business. If the prevailing rates for money are high, which is usually the case at such times, the corporations have no alternative except to sell their securities at attractive prices. It is then that the well-informed investor, being in a position to follow intelligently the suggestions of the investment banker, whose client he may be, is afforded unusual investment opportunities.

The writer has no intention of dignifying, by comparison with conservative investments, certain classes of speculative real estate, mining stocks, plantation stocks, and numerous other questionable propositions. At the same time, considering the hundreds of thousands of dollars lost by misinformed investors, it is difficult to conceive how one writing upon the subject of investments can pass over such a deplorable condition without some comment. The writer, therefore, takes this opportunity of cautioning his readers against having anything whatever to do with such propositions. If the scores upon scores of securities which it is claimed by their exponents will yield all the way from eight per cent. to fifty per cent. annual income, were sound investments of permanent and progressive value, the promoters would experience no difficulty in readily securing capital from reputable investment bankers, or even from local institutions. When such men present their propositions, keep this thought in mind: the reputable investment banker, with his special knowledge and years of training, and with the best investigating experts at his command, can not get for his clients sound investments yielding more than from five per cent. to six per cent., excepting under abnormal conditions, when large and responsible corporations sometimes find it necessary to pay high rates of interest for short-time loans.

This applies also to the advertisements and literature of many companies, stating that they are offering securities directly to the public, thus saving buyers the banker's commission. Investors who are attracted by very expensive advertisements and large type, should first make inquiry as to whether the business had been submitted to reputable investment bankers, and, if so, discover the reasons that induced bankers to decline to purchase.

Influence of Bankers' Names.

Then again, investors should not be misled by the statement, often made, that subscriptions for such securities will be received through certain banks or trust companies. Such a statement by the sellers, while in some cases having the tendency to inspire the confidence of prospective buyers, has no direct bearing upon the subject. So long as a company selling its securities directly to the public is without bad reputation, any institution with which it may carry a reasonably large deposit account might feel perfectly justified in extending such an accommodation. Because of such action it is not customary in business circles to conclude that the institutions endorse the propositions. It is purely and simply an accommodation; nothing more, nothing less.

Any business man will readily appreciate the very great difficulty of conducting a profitable mercantile business and combining with it the sale of stocks or bonds. A company attempting to do this might make money out of one of the two propositions; but when worked in conjunction one usually suffers for the benefit of the other. The propositions are separate and distinct, largely for the reason that, as related to the securities, it is not merely a question of selling. On the contrary, the important consideration should be *the permanent protection afforded the investor.*

Practically every large investment banking house is the medium through which certain corporations sell to the public their security issues. These securities are commonly known as the "specialties" of the banking house handling them. No reputable investment banker will consent to purchase the bonds of an issuing company until qualified experts have rigidly inspected and carefully scrutinized every detail of the business; not only as related to existing conditions, but judged also from the viewpoint of future possibilities. The experts must be men of established reputation and their integrity beyond reproach. They consist of well-known accountants, eminent engineers, expert operating officials and men well skilled in getting at the facts underlying the particular business transacted by the company, the purchase of whose securities may be under consideration.

If the examinations result in a satisfactory report by the experts, the firm of bankers holds a conference, at which time all of the facts and details are carefully reviewed. Assuming that the decision be to accept the business, a member of the firm usually becomes a director of the company, and the other members of the board must not be objectionable to the investment house. This is deemed essential in order to protect the interests of such of the firm's clients as may purchase the bonds.

Mortgage and Deed of Trust.

Further than this, a "Mortgage and Deed of Trust" is framed between the issuing company and a trustee—the latter usually a well-known trust company, having a reasonably large capital and surplus. Under the terms of the indenture, which are reviewed in detail by the members of the firm of bankers and its attorneys, the issuing company conveys and assigns unto the trustee all of the property, rights, franchises, etc., upon which the bonds are to be a mortgage. There are also specified, among other things, the amount of bonds, and the conditions under which they may be issued, a description of the property mortgaged, the keeping of the same insured and in repair, and numerous other important stipulations designed absolutely to protect the bondholders. In addition, it is usually specified that if default shall be made in the performance of any agreement contained in the indenture, or in the payment of interest upon any of the outstanding bonds, and shall so continue for the term specified (usually from three to six months), the whole amount of outstanding bonds then becomes due and payable, in accordance with the terms of the deed of trust. In order that all of the holders of outstand-

ing bonds may receive the same fair and impartial treatment, united action upon their part is essential. It is therefore usually customary to specify in the deed of trust that while the trustee may enforce the rights of all bondholders at the written request of holders of only from twenty-five per cent. to thirty per cent. of the outstanding bonds; at the same time, it takes a majority of the bondholders (from sixty to ninety per cent. as the case may be) to direct and control the action of the trustee in the sale of the property, or in the appointment of a receiver to operate it for their benefit. This would prevent the sale of the property at a price which might be considered a sacrifice.

On the other hand, if the form of security to be issued were to comprise stock, it is obvious that the company would have to be controlled by the clients and friends of the investment banker. This for the reason that, as related to its "specialties," no reputable investment house will undertake to finance a company unless the positive assurance is had that it will be in a position to protect the interests of its clients, no matter through what future exigencies the company may pass.

These facts, which are very briefly recited, could be added to by a multiplicity of others. They should serve to explain, however, why the reputable investment house is recognized as being the only proper channel through which to buy or sell sound investment securities. The service rendered, which is largely professional in its scope, is the governing factor with the reputable banker, and is so recognized by all large corporations. It is a service which is essential to the individual investor, aiding him, so far as the experienced mind can determine, in selecting safe and conservative investments.

Generally speaking, bonds represent a mortgage divided into several parts, and in most cases the interest is payable semi-annually. The denominations are usually $1,000, although sometimes they are issued in smaller or larger amounts. There are three distinct forms of bonds, as follows:

Coupon bonds,
Coupon bonds registered as to principal only,
Bonds registered as to both principal and interest.

It is very important for investors to know just what these different forms signify, notwithstanding that in all cases the issuing companies are responsible for the punctual payment of the principal and interest.

Coupon bonds "pass by delivery," as is usually specified in mortgages. In other words, the principal and the interest are payable to bearer, and are readily convertible into cash. The bond itself recites upon its face the obligation of the issuing company, etc., and has attached thereto small interest certificates, commonly known as "coupons." Assuming that a $1,000 coupon bond is one of an issue having twenty years to run before the principal becomes payable, and that it bears interest at the rate of five per cent. per annum, payable semi-annually, January 1 and July 1, there would be attached to the bond forty coupons of twenty-five dollars each. With every January 1 and July 1 the owner detaches from the bond one of these coupons, and, upon presenting the same at the fiscal agency of the issuing company, receives twenty-five dollars in cash, representing the interest on the $1,000 bond for six months. If the holder of the coupon preferred, he could deposit the same at his bank for collection; or a bank or trust company,

to whom he were known, might arrange to cash it for him. It frequently happens that investors leave bonds in trust with investment bankers. In this case, if the investor so directs, the banker will detach the coupons upon the interest dates, collect the same, send the client a check for the amount, or place the money to the credit of the client's account. When the final coupon attached to a bond becomes due, the bond itself should also be presented for payment. Based upon a coupon bond of $1,000 denomination, the holder would receive $1,000 in cash, representing his pron-cipal, in addition to the twenty-five in cash for the last coupon. Sometimes the final coupon is not attached to the bond, in which case, when the bond is presented for payment at maturity, the holder receives also the interest for the last six months. Usually coupon bonds may be registered as to principal, and, in some cases, they may be exchanged for bonds registered as to both principal and interest.

Bonds Not Directly Negotiable.

Coupon bonds registered as to principal only are a direct obligation of the issuing company to the registered owners. Such bonds are not negotiable, except by the written assignments of the registered owners, whose names appear upon the bonds. The coupons attached to such bonds, however, are payable to bearer, in the same manner as those attached to coupon bonds. Bonds registered as to principal only may be released to bearer by the issuing company, or its agents, when accompanied by the written assignments of the registered owners. When so released, they become coupon bonds, and may be sold and delivered as such.

Investors should be very particular not to write their names, nor make notations, upon bonds. When this is done, it is necessary to sell them as "endorsed bonds" which, of course, affects their market value.

Bonds registered as to both principal and interest are a direct obligation of the issuing company to the registered owners. They are usually issued in certificate form, assignable in writing, and have no coupons attached, checks for the interest being mailed directly to the registered owners. Practically all of the modern mortgages provide for the conversion of such bonds into coupon bonds. When mortgages do not so provide, such bonds usually sell at slightly lower prices than coupon bonds of the same issuing company, owing to the limited demand and, in the event of sale, it is necessary to assign them in blank, disposing of them specifically as registered bonds.

Safeguards for Bondholders.

It is obvious that coupon bonds should be placed in a safe-deposit vault or lodged in some secure quarter. It is a matter of record that a stolen coupon bond, when purchased by an innocent third party, cannot be recovered by the original owner. Further than this, the issuing company, or its fiscal agents, would have to pay the coupons as they became due, and also the par value of the bond at its maturity. This will explain why many investors prefer to leave bonds in trust, with their investment bankers. It also explains one of the reasons why experienced and reputable investment bankers will not buy or sell securities for a stranger, until satisfied that he is all he represents himself to be. When a coupon bond is lost, the fiscal agents of the issuing company should be notified promptly, and, if possible, the number of the bond furnished. A communication should also be addressed to the investment banker, who will render the client every possible assistance in the effort to recover the bond. In the case of a lost bond, the issuing company might, in its discretion, arrange to issue a new bond, but only upon the filing of a satisfactory bond of indemnity.

In view of these facts, it seems to be advisable for persons of moderate means, buying bonds solely for investment, to have the same registered as to principal, notwithstanding that the coupons attached to such bonds are payable to bearer, the same as in the case of coupon bonds. The registration of

bonds as to principal is, however, a safeguard to the owners, so far as the principal is concerned, and such bonds when released to bearer, in the manner as heretofore stated, become readily negotiable.

Redeemable bonds: In some mortgages the right is reserved by the issuing company to buy all or any part of the outstanding bonds before maturity, usually upon prior notice to holders of from one to six months, by advertisement. This naturally has an effect upon the market for such bonds, and explains why they often sell at lower prices than bonds which are not redeemable, although the redeemable bonds may bear the same rate of interest and possess even greater intrinsic value. To illustrate: If a $1,000 bond were redeemable at the option of the issuing company at, say, 105 ($1,050), it would be exceptional for a buyer to be willing to pay in excess of this figure for the same. When such bonds are redeemed, coupon bonds are payable to the bearer at the office of the issuing company, or its agents; and registered bonds, when accompanied by written assignments, are redeemable in the same manner. All bonds cease to bear interest after the date of redemption, or maturity.

Redemption for the Sinking Fund.

Some mortgages provide that a certain amount of cash, or a percentage of gross earnings, or so many cents for each ton of coal mined, etc., shall be paid by the issuing company to the trustee at stated periods, and applied as a sinking fund for the purchase of outstanding bonds, at not exceeding a specified price. It is customary to provide in such mortgages that the issuing company shall advertise, semi-annually, or annually, as the case may be, the amount of money in the hands of the trustee available for the purchase of bonds for the sinking fund. The holders of the outstanding bonds who may so elect, offer them to the trustee at a price at which they would be willing to sell, not exceeding, however, the figure specified in the mortgage. When the bids are opened, the bonds offered at the lowest prices are, of course, accepted. If no offerings are received, the mortgage usually specifies that the trustees may draw by lot a sufficient amount of the outstanding bonds to absorb the sinking-fund money, paying the holders the sinking-fund price, no more and no less. The issuing company then advertises the numbers of the bonds so drawn, and, as far as the holders are concerned, the principal and interest of such bonds have matured. The holders of the drawn bonds, upon presenting them at the office of the trustee, receive in payment therefor the price specified in the mortgage. In some cases, in lieu of drawing bonds by lot, the trustee may invest and accumulate the sinking-fund money. Bonds purchased for the account of the sinking fund must be either cancelled and destroyed, on the one hand; or they must be kept alive and held by the trustee. In the latter case, the bonds continue to draw interest, the same as other outstanding bonds, the interest being applied by the trustee toward the future purchase of bonds for the sinking fund. Generally speaking, the mortgages of coal companies, or companies exhausting a product which cannot be replaced, should provide for a sinking fund, making it certain that as the amount of coal, or whatever product it may be, is diminished, the bonded debt of the company will be proportionately decreased.

THE CONTEST OVER RAILROAD RATE INCREASES

By Kendall Taylor

THE question of railroad rate increases, instead of being settled now, as the railroad executives hoped it would be by this time, is still hanging fire. Through the "persuasion" of the Interstate Commerce Commission, the railroad companies have agreed to suspend all of the important increases until the first of November. This step was taken because the Commission had determined to suspend the rates if the railroads did not, and in that case the delay would have been greater than it now is expected to be.

The whole country is now asking whether or not the Commission is going to allow the higher rates. Meanwhile the railroad companies are losing several millions of dollars that they expected to earn as a result of the change in schedules. Investors are hesitating between railroad bonds and other securities, with a result of a big drop of prices obtainable for the railroad bonds. The stock exchange, as events of the past few weeks have shown, is suffering from painful uncertainty as to the future of railroads, and the quotations for high class securities have dropped to the lowest point since the panic of 1907.

The Public.

The attitude of the public, as far as it can be gauged from the newspapers, presents strange aspects. Apparently the public is never tired of hitting the railroads. No matter how many hostile laws have been passed and how large the increases in the pay of employees may be, there is always a cry for more laws and more pay. The average citizen, if we may judge of him at all from his representatives in Congress and from his defenders in the ranks of journalism, seems to have little conception of the fact that railroad baiting is apt to be as disastrous to the baiter as it is to the railroads. He keeps at it with a zest which knows no abatement.

It is impossible yet to tell the exact extent of the increases in the pay of employees granted by the railroad companies since the first of the year. The estimates vary by many millions. President Brown of the New York Central was quoted, a few weeks ago, as saying that the advances to employees would amount, before the year was done, to $100,000,000.

Wages and Earnings.

Already the effect of the wage advance is beginning to be seen in the monthly reports of the roads. Though there are many cases of encouraging increases in gross earnings, either the increases in net earnings are very small or there are no increases at all. The Southwestern roads are making the poorest showing. For the month of May, for example, according to reports to the Interstate Commerce Commission, the following roads showed decreases in net earnings amounting to a total of $3,171,853:

Rock Island; Illinois Central; San Pedro, Los Angeles & Salt Lake; Atchison, Topeka & Santa Fe; Cleveland, Cincinnati, Chicago, & St. Louis; Lake Shore & Michigan Southern; St. Louis & San Francisco; Chicago & Alton; Missouri, Kansas & Texas; Central of Georgia; St. Louis Southwestern; Buffalo, Rochester & Pittsburgh.

The great increase in expenses began even before the wage advances went into effect. Thus thirty-two companies, including the largest and most important in the country, had a gross income of $169,575,990 in March, an increase over the same month of last year of $23,018,823, or thirteen and one-half per cent. The net earnings, however, were only $50,985,909, or $3,952,919 more than in March, 1909. The Union Pacific, with an increase in gross of $958,767, had a decrease of $390,308. Atchison increased its gross by $954,-242, and suffered a shrinkage in its net of $474,471. The New York Central added $725,667 to its gross, while its net showed a loss of $834,360.

Bringing the figures to a later date, both the New York Central and the Pennsylvania are shown to have suffered severely in June from the increase in expenses, and a great part of the loss is attributed to the wage advances. In the month, the last of the fiscal year, the New York Central had gross earnings of $698,183 more than in June, 1909, and the Pennsylvania had gross earnings of $1,176,400 more than in June, 1909. Both companies, however, lost in net earnings, the New York Central by $505,447, the Pennsylvania by $493,-200. The New York Central for the last half of the fiscal year—January 1 to June 30—suffered a decrease in net earnings of $842,241.

It has been known for two or three years that the railroads were contemplating an increase in rates. Some companies wanted to put it into effect a year or two ago, but strong political inflence was exerted to prevent them from either reducing wages or raising rates. It has been said that the railroad companies were assured, by one high in authority at that time, that if the rate advance was postponed it would not be opposed by the political powers when prosperity should return to the country. Whatever may be the truth in that, there has certainly been a strong opposition on the part of influential public men.

Nobody disputes that railroad expenses have gone up immensely. The opponent of high rates says: "The increase in gross earnings will keep the railroads prosperous. They will put new economies into effect, just as they have been doing in the last ten years. There is no need of their raising rates."

Economies Cannot Go On Indefinitely.

The fact is that the railroads have about come to the end of their row in the way of new economies. By improving their roadbed, by building larger cars and locomotives, and by extension of terminals, the companies managed, from 1897 to 1907, to counterbalance all the agencies that were tending to drive them to bankruptcy. All this time rates were steadily decreasing, while wages and the cost of materials were steadily increasing. If it had not been for the vast improvement in methods of transportation, the carriers would have been unable to keep their heads above water.

The increases in average daily pay of employees from 1898 to 1908 were as follows:

Locomotive engineers had their average pay advanced from $3.72 to $4.45; firemen from $2.09 to $2.64; conductors from $2.13 to $3.81; machinists from $2.28 to $2.95; telegraph operators from $1.92 to $2.30; station agents from $1.73 to $2.09.

In a recent address before the Bankers' Association, the president of one of the large railroads mentioned some of the most striking increases in the cost of materials. It costs $90,000 to pay for 100,000 ties, $42,000 more than ten years ago. The cost of a locomotive since 1899 has advanced about fifty-eight per cent. The cost of a box car has advanced sixty-six per cent. The company which had a pay roll of $100,-000 eleven years ago, pays $140,000 today for exactly the same labor—the same number of men doing the same work. Taxes have gone up on an average of sixty-three per cent.

Where is the difference coming from? The railroad bond holders and stock holders have been paying it so far, but they think that the time has come when some of the expense should be shared by the rest of the community. That is why it is now proposed to raise rates by small percentage. The railroad experts have spent much time and effort in altering the schedules, and they say that the changes are such as to give themselves only a moderate increase in revenue and to cause the shippers an additonal expenditure that will not have a serious effect upon their business. Whether the Interstate Commerce Commission will uphold them in this view is yet to be ascertained.

In any event, it cannot be denied that the railroads have—to use a slang term—"come out at the little end of the horn." With the most favorable possible outcome, they will have lost the large sums represented by the rate increase which might have gone, but did not go, into effect on August 1. And if the Commission decides against them they will face these alternatives: either to continue operation with the old rates, or to fight the matter out in the courts. The former would postpone indefinitely the improvements and additions which the country sorely needs. The latter would involve not only delay but the expense of litigation; railroad stockholders, seeing the market value of their holdings depreciate, could then console themselves with the thought that those unselfish patriots, the lawyers, were accumulating fat bank accounts.

THINGS THAT ARE WORTH WHILE

By Courtney Clarke

At very considerable expense the United States Government maintains weather bureaus in various cities, whose duty it is to forecast weather conditions. By no means infallible, these weather bureaus are able to tell pretty well what sort of weather may be expected, and so are of great value. Not infrequently they are wrong, not infrequently the kind of weather predicted does not materialize, and the bureau stands at fault. That, however, is the exception. The rule is that the weather bureau knows pretty well what it is talking about. There is a reason for that. The reason is that the bureau is in possession of data concerning the weather conditions all over the country from which information it is able to draw reasonably safe conclusions as to what sort of weather may be expected.

So it is exactly in the financial world. To the intelligent investor the signs which presage the broad movement of the markets are as plain as are the weather signs to the experienced weather-sharp. Sometimes he is wrong. Sometimes, like the original Rothschild, he makes mistakes and buys too soon, and sells before the top is reached, but, on the whole, provided that he is in possession of the necessary data, he is able to draw reasonably safe conclusions as to the drift of things.

Publicity of Financial Data.

For it has come about in the present broad stage of our financial development that the cumulative information concerning things which govern the markets is accessible to practically everybody. There is no monopoly about it. It is not a case of bankers getting these figures ahead of anybody else. Figures concerning bank clearings, railroad earnings and the other broad indicia of conditions are printed in every newspaper from one end of the country to the other and are just as available to the man whose fortune amounts to $1,000 as to the man who can sign his check for an amount running into seven or eight figures. The government reports the condition of the banks, the railroads are compelled to make full statements of their condition—this information is compiled and put into shape by experienced editors—there is

no reason in these days for misinformation regarding any of these subjects. It is simply a question of the investor being able to pick out what is important and what counts and what does not.

It seems hardly necessary to say much regarding the importance of these big influences on the markets. By a certain class of Wall Street traders these things are more or less made light of and passed up with a declaration that it is in day-to-day fluctuations that the money is made. That, however, is just exactly where the money is not made—except by a limited number of traders operating right on the floor of the exchange. To the vast majority of persons interested in day-to-day and week-to-week fluctuations the whole business is a dead loss; if they make a little money to-day out of it they lose it, and more, to-morrow. Money is made in Wall Street. It is made by just these selfsame investors, who, like the weather-sharp, look for the signs on the horizon and know what signs to count in and what to leave out, and so draw long range deductions as to what the swings of the markets are going to be. If the money lies anywhere it lies just there.

Precedent.

It is easy enough, of course, to look back at a movement in the market and to say by what signs it was presaged, but that nevertheless is the best way of showing how movements can be forecasted. Take for instance "1907." It was not so easy at that time, of course, to see that the exhaustion of bank reserves by which the beginning of the year was marked would be so disastrous in its results, but that bank reserves had reached a point of absolute exhaustion was a fact which could have been seen by any observer and was, indeed, seen by a good many. Then, again, take 1909, with all the tremendous advance in security prices which took place. What went ahead of 1909? Two years of cheap money, two years of the piling of reserves in the banks, one of the surest conditions to lead up to a rise in prices. With regard to this 1910 smash in security values—early in the year, from the banking position as shown by the statements of all the country's banks it could have been seen that the available capital supplied was again in bad shape. Here are three distinct instances, all of them within the range of the shortest memory. Do these things count in shaping the course of the markets? They certainly do. They are exactly what does shape the course of the markets.

Things That Count.

What are the more important of the signs by which the observant investor can be guided, by which he can get some sort of a line on what may be expected to happen? In the first place the gen-

eral business outlook as shown by railroad earnings and bank clearings, iron production, etc. Secondly by the prospective scarcity or plenty of capital as shown by the general banking position. Thirdly by such special developments as government activity with regard to the corporations, the state of the crops, labor agitations, etc. In reply to the statement that it is not very easy for the average man to size up the business outlook, it may be said that with the information which he has at his command the intelligent business man is in just as good a position to forecast the general trend of business affairs as is anyone else. Not infrequently indeed the man of small interests, his views unbiased by complicating considerations, is in a better position to judge than the man whose ramified interests pull him one way and the other. Are railroad dividends to be maintained? Can the industrial companies maintain their present rates? These are questions the answer which it might be thought that the big banking interests only would be in a position to foresee, but such is far from being the case. Under the present system of government supervision of the activity of our corporations, earning statements are coming more and more to be common property. The railroads and the industrials have to make them. The day when the investor bought in the dark and remained in the dark are over. He knows what he is doing. He can tell a good deal more about the general outlook in the steel business, for instance, than a good many of the officials of the steel companies themselves.

The same thing is true with regard to the bank situation. There is no monopoly as to information concerning the condition of the country's banking institutions. Bankers may give the matter more attention, but experience has shown that periods of stringency and stress find them quite as unprepared as the humble investor. Frequently their viewpoint is too close—they see the whole thing at too near range. With the investor it is different. Impartially and at long range he takes the published figures of bank condition and draws his own deductions. "If the banks are all loaned up as they are now," he says at a time when a statement like the last one comes along, "What is going to happen later on in the year if business gets active and mercantile interests need a whole lot of money?" It is a crude way of looking at it, perhaps, but it is commonsense, the kind of commonsense that makes money.

Comment.

As has been remarked, comment on all these things is ample. There never has been a time when financial information has been disseminated to the same degree as at present. More and more space is being given to the markets and to finance by the newspapers. The weekly magazines practically have all established financial departments, while the monthly magazines are rapidly coming into line. These discussions, moreover, are written by trained observers, men who know the relative importance of things and put them together with understanding. The information necessary is presented, and in comprehensible form. It is not that absolute prediction is made or that these discussions are valuable because they tell exactly what is going to happen, but because they present the facts and the possible deductions to be drawn therefrom. Before the investor lies all the information sorted and sifted out, boiled down. It is up to him and his commonsense to make use of it.

ELECTRIFYING THE RAILROADS

URGING the need of uniformity in the electrification of railroads, now going on on such a great scale, George Westinghouse recently said:

The complete electrification of railways will necessitate a rearrangement of ideas and practices in regard to operations. Coaling and watering places will not be needed; passenger trains will be differently composed, some classes being of less weight; and they will operate more frequently, thus promoting

travel; other trains will be heavier than at present, or will operate at higher speeds, and branch lines, by the use of electrically fitted cars, can be given a through service not now enjoyed. The movement of freight will undergo great changes, due to the fact that electric locomotives can be constructed with great excess capacity, enabling them to move longer trains at schedule speed on rising gradients. The large percentage of shunting operations due entirely to the use of steam locomotives will no longer be required. The railway companies can combine upon some co-operative plan for the generation of electricity, thereby effecting large savings in capital expenditures, and can utilize their own rights of way for the transmission of the current, not only for the operation of trains, but for many other useful purposes. I foresee from the progress made in the development of gas and oil engine power a still further reduction in cost, which will accelerate the work of electrifying existing railways. One important aspect of this great question will engage thoughtful consideration of every government, namely, the military necessity for uniform railway equipment in time of war.

Were there now only one system to be considered, there would be a concentration of the energy of thousands on the perfecting and simplifying of the apparatus for that system, to the advantage of railway companies and of manufacturers. In conclusion, I can only repeat, and earnestly recommend to the serious consideration of railway engineers and those in authority, the pressing need of determining the system which admits of the largest extension of railway electrification which will render possible a complete interchange of traffic in order to save expense in the future and to avoid difficulties and delays certain to arise unless some common understanding is arrived at very shortly.

THE ART OF SAVING MONEY

By J. E. Bangs

WHO are the great money makers in this country? Instantly the names of Rockefeller, Carnegie, Morgan, Vanderbilt and others flash across our vision and we say they are the great money makers of the country. This is a common but mistaken notion. They have been, indeed, great accumulators of wealth, but not the great money makers. In fact, their wealth, great as it is, is very small when compared to the immense wealth of our entire country.

The great money makers of this country are the busy workers, who daily toil in mine, factory and shop, on farm, railroad and ranch, in store, office, bank and profession, where skilled hand and trained brain from inert matter evolve utility, comfort, convenience and beauty, and cause a constant golden stream of money to flow in the channels of trade.

These are the money makers of our country, and they should enjoy to a great extent the product of their labor. They should be accumulators as well as producers.

Accumulating Wealth.

Why do the millions of money makers become the accumulators of wealth? Because the vast majority do not give it serious thought, and very many are unwilling to deny themselves anything which they may fancy in order to start a nucleus for accumulation. They put off saving until to-morrow, being unwilling to start to-day.

The history of our money kings proves that the foundation of their wealth was laid by careful saving. John D. Rockefeller tells us that he made his start by saving his first earnings and loaning it out on interest. His experience is but the experience of nearly everyone who has been successful in accumulating wealth.

Nearly every rich man was born poor,

but many a boy born rich does not die a rich man. The reason lies in the acquiring of the saving habit in the first case and the lack of it in the other.

It is much easier to spend than to save. It is much easier to earn money than to spend it wisely.

The Object of Saving.

What is the use of saving? In the first place it is a duty we owe to ourselves. We cannot always be producers; old age is sure to come; sickness, accident or misfortune *may* come at any time and cut off, temporarily or permanently, our productive powers, therefore we should provide for the future rainy day or for old age by saving during the days of our greatest productive power. This is certainly true even if we have no one depending upon us, but if we have loved ones at home, or if we ever expect to have a home for loved ones, we are doubly called upon to provide for them by systematic saving.

Fathers may thus provide for wives and families, or for the future education of their children. Children should form the habit of saving, thus establishing a correct business habit and laying a foundation for future success in business or a profession.

The obligation of saving is an ever present one, which cannot be disregarded without resulting misfortune.

How to Save.

If in doubt where to begin in saving, take a little memorandum book and place in it every cent you spend. Classify expenditures by placing them in three columns headed, respectively, "Actual Necessities," "Comforts" and "Luxuries." At the end of the month compare the footings of each column and one will be surprised at the size of the column marked "Luxuries." You can then see where one can, at least, begin to save. In the classification of our expenses let us be honest with ourselves. Don't imagine everything we wish is a necessity. Too many of us think the luxuries of our fathers are our everyday necessities and act accordingly. We often mistake style for comfort and pay an extra price for appearance sake, when less would give us more real comfort and pleasure.

Everyone should endeavor systematically to save a certain part or per cent. of one's earning or income.

How Interest Multiplies.

When Hendric Hudson discovered the river which bears his name, he purchased of the Indians the whole of Manhattan Island, now New York, for about the equivalent of twenty-five dollars in our money to-day. Had this amount been placed on interest and compounded at five per cent. annually, it would now amount to about $25,000,000, or an increase of one million times the original amount invested.

Five cents a day saved and deposited monthly with interest at three per cent., compounded semi-annually, in ten years amounts to over $200. Ten dollars a month saved and deposited in the same way, in ten years amounts to nearly $1,400.

Everyone can save at least five cents a day and thousands can save ten dollars and upwards monthly.

THE INSTALMENT PLAN

FOR the benefit of our many readers interested in the new idea of buying securities on the instalment plan, but not familiar with the way it is done, we present herewith a description given by the odd-lot specialists, John Muir & Co.:

To accommodate the investor of moderate means who does not wish to speculate nor to subject himself to margin calls, we have devised a plan. Its terms permit the man with a small capital to invest it at once, and by adding a part of his outside income regularly, to finally become the actual owner of bonds and dividend paying stocks.

Stocks will be bought in quantities of five shares and upward, and bonds from one upward, for an initial deposit and

monthly payments thereafter until the securities are paid for in full.

On stock selling above 150, the initial deposit required is fifty per cent. of the *par value* (not the market value); on stock selling between 100 and 150, thirty per cent.; on stock selling between fifty and 100, twenty per cent.; and on stock selling below fifty, fifteen per cent. All bonds require fifteen per cent. Thus, the deposit on the purchase of ten Union Pacific is $500, on ten Southern Pacific, $300; on ten Steel, $200; on ten Erie, $150; on $1,000 C. & O. conv. four and one-half per cent. bonds, $150.

The balance is to be paid monthly in amounts equal to five per cent. of the par value, irrespective of market price. Thus, the second and succeeding payments on ten shares of Union Pacific, Southern Pacific, Steel, Erie or $1,000 C. & O. four and one-half's would be fifty dollars each.

To take advantage of a rise, securities may be sold at any time, whereupon aggregate deposits plus the profit, less the charges, will be returned.

Holdings may be increased without an additional initial deposit whenever payments on the first purchase aggregate the stated requirements on both purchases. For example, if you bought five shares of Steel, made an initial deposit of $100, and four monthly payments of twenty-five dollars each, you would have credit for $200. This would allow you to buy five shares more, or a total of ten shares. Subsequent monthly payments would be fifty dollars each.

Interest is charged monthly on the amount lent—the difference between cost and deposits. That is, charge is made on the cost, and allowed on payments. The interest rate is six per cent. and does not change.

Payments other than those specified above will not be called for, whatever the course of the market.

In the event of failure to pay any instalment when due, the security will not be sold peremptorily. When this happens, the security is considered as carried on margin, subject to the rules which govern margin accounts. In a declining market, a stop loss order will be entered close to the point of exhaustion of the margin. In the meantime, you may sell out and receive in return your deposits plus your profits or less your losses, and less the charges.

If losses amount to more than aggregate deposits when default is made on a monthly payment, the security will be sold at the best market price, and the difference will become due immediately.

THE NEW PENNSYLVANIA TERMINAL

DISCUSSING the probable effect of the opening of the New York Terminal of the Pennsylvania Railroad, Messrs. E. B. Smith & Co. say: The great New York Terminal system of the Pennsylvania Railroad Company is about to be put into operation. This includes the passenger station at Thirty-second street, two tunnels under the North River, connecting New Jersey with New York, and four tunnels under the East River, connecting New York City with Long Island; together with extensive approaches. The entire system will be operated electrically. The terminal is the most notable and complete in the world and stands out in conspicuous relief as the great accomplishment of a bold and able railway management.

Increased Business in Prospect.

The financial problem, of course, hinges upon the development of new business. To give due emphasis to the large probabilities in this respect, recognition must be accorded to the extreme importance of the territorial connections, and an inevitable growth in traffic.

With the completion of the New York system, the Pennsylvania Railroad will have direct entrance into all of the first eleven cities in the United States with the exception of Boston and San Francisco, three of the cities on its lines being among the first nine in point of population in the world. The popula-

tion of Greater New York City alone, thus directly connected with the Pennsylvania system, is almost equal to the entire population of New England, and about equals the aggregate population of California, Montana, Wyoming, Idaho, Washington, Oregon, Colorado, New Mexico, Utah, Arizona and Nevada. The three States brought together by this tie—New York, New Jersey and Pennsylvania—contain about twenty per cent. of the entire population of the United States.

Passenger traffic in and around New York is the greatest in the world. More than 300,000,000 persons travel between Brooklyn and New York each year, and more than 150,000,000 between New York and New Jersey by cars and ferries. There are also carried over the railroads to Jersey City 100,000,000 tons of freight per annum. It has been estimated that by 1920 there will be a population of between seven and eight million people in Greater New York. With this growth the increase in traffic will be tremendous. The Pennsylvania Railroad now receives about one-third of the freight traffic that crosses to Jersey City and one-sixth of the passengers who travel in that direction. The completion of the terminal and tunnel system will put the company in a position to get a much larger proportion of this traffic and will enable it to command the greater part of the business out of New York.

There can be no question as to the increase of the traffic not only in and around New York, but in all west-bound business. In this connection it is to be remembered that the Pennsylvania Railroad has the shortest line between New York and Chicago by fifty-six miles. The Pennsylvania had the greater proportion of the west-bound business out of New York prior to the time of the establishment of the Grand Central Station by the New York Central. When the latter move was made the New York Central gained the larger part of the west-bound travel, but it is believed by railway men that the Pennsylvania will regain its dominant position in the New York business with the opening of its Thirty-second street station.

Ten Years Ahead of Demands.

The chief effect of the opening of the terminal system in New York, so far as the stock of the Pennsylvania Railroad is concerned, will be the concentration of attention of investors, not only in and around New York and Philadelphia, but in Europe, upon the extraordinary qualities of the Pennsylvania Railroad Company. The system has properly been designated the greatest in the world, but full recognition is not always given to the strong points that entitle it to such a place of distinction. Two facts stand out clearly:

1. The business of the Pennsylvania Railroad Company, at a minimum calculation, doubles every ten years. In the decade before the recent panic it increased more than 150 per cent.

2. The traditional policy of the Pennsylvania Railroad Company is to keep its road in condition to handle business for ten years, or more, ahead of the times. That it is now ten years ahead of the times is plain. The vast work of the past few years placed it in condition to meet the growth of business at least up to about 1920. This work includes the completion of what is virtually a six-track railroad between New York City and Pittsburgh; the terminal and tunnels in and around New York; building of cut-off railways around Pittsburgh; gravity classification yards, elevation and alignment of tracks; new terminals in large cities, and acquisition of interest in other properties.

The Pennsylvania Railroad runs through the greatest freight-producing center in the world. It embraces in its system 11,292 miles of railway. It has a freight and passenger traffic about equal to the aggregate business of the Atchison, Topeka & Santa Fe, the Union Pacific, the Southern Pacific, the Northern Pacific, the Great Northern and the Chicago, Milwaukee & St. Paul Railways. Business constantly is pressing upon it, and with the great improve-

ment now under way in the steel and bituminous coal industries the traffic should increase at a very rapid rate. The demands for additional service have been so pronounced that the company has built what is virtually an entirely new low grade railroad from Pittsburgh to New York.

INVESTMENT NEWS AND NOTES

—The Pacific Gas and Electric Company of California, the stocks and bonds of which are largely held in New York and vicinity, and which company serves a territory about four times the area of New Jersey, has purchased the lighting plants and water supply stations situated at Wheatland, Lincoln, Davis, Roseville, Cordelia, Elmira, Winters, Dixon, Rio Vista and Benicia.

—The Tri-City Railway and Light Company of Davenport, Rock Island and Moline, the five per cent. bonds of which were largely marketed in the East four years ago by N. W. Halsey & Co., reports substantial increases in gross, net and surplus earnings for the twelve months ending May 31. The company earned net $956,465.86, or more than double all interest charges. As illustrating the stability of sound public utility properties, this company's earnings substantially increased during the period following the 1907 panic, when railroad earnings invariably fell off.

—The Rio Plata mine at Chihauhau, Mexico, according to a financial statement just issued, produced from December 1, 1909, to June 30, 1910, the first seven months of the current fiscal year, 433,980 ounces of silver, valued at $212,348.53.

Receipts from sales applying to the present fiscal year have amounted to $169,692.45, and the estimated value of silver on hand July 1 was $44,168.47, a total of $213,860.92. After deducting the operating cost for the same period the profits for the seven months were $135,960.24.

Quarterly dividends were paid in December, March and June amounting to $102,706.47. The dividend rate is eight per cent. per annum.

—Speaking of the mortgage plan recently adopted by his company, Clarence H. Kelsey, president of the Title Guarantee & Trust Company, recently said:

"The advice to save money has been so often repeated that it has come to have a somewhat empty sound. Advising a man to save money is a good deal like advising a man to swim who does not understand how to take a single stroke. The habit of saving is, in most cases, not a natural endowment but an achievement. The cultivation of any habit requires practice and practice means the consistent pursuance of some method or system.

"The great difficulty in this country has been that there has hardly existed any apparatus by the use of which the would-be saver could cultivate the habit of money saving. The nearest approach to it has been perhaps in the yearly premium of a life insurance policy. Probably one of the chief benefits of the life insurance plan lies in this instilling in the policy holder the sense of periodic financial obligation.

"Again, there is a positive side to saving as well as a negative. We have all heard a good deal about thrift and frugality but after all there is nothing particularly attractive in self-denial. It is the fruits of self-denial that we wish for. One of the chief enjoyments of money saving lies in the profitable investment of the money saved, and here, also, the moderate money getter in this country has never had much of a chance.

"It was with some such thought as this that the Title Guarantee & Trust Company inaugurated its system of guaranteed first mortgage certificates, thus giving the small money saver, for the first time, in a real sense, the benefit of a first class investment security. The offering of a certificate as small as $200 enabled the man who had got together a comparatively small fund to invest it to the best possible advantage and the selling of these certificates in monthly installments of $10 provided the would-be saver with the necessary incentive and machinery for the acquirement of the habit of saving."

—Soon after the formation of the firm of Thompson, Towle & Company there was inaugurated a news bulletin service with a view of keeping clients informed of developments in the financial world, particularly news as affecting the various properties whose shares have been listed upon the leading Exchanges. This service has been under the supervision of W. F. Bartholomew, a member of the firm, who was for some years editor of the Boston News Bureau. The extensive demand for these news bulletins has led to a decision to also publish them in the form of a weekly "News Letter" for distribution among clients and friends.

In the recent number of the "News Letter" the bond market was tersely summed up as follows:

In the bond market there are many bargains. Bonds of ably managed and well known public service corporations are selling on a five per cent. to 5.20 per cent. basis, while many high grade railroad bonds, legal for savings banks, are down to the price level of 1907. The course of industrial

bonds during 1910 has been downward, although not to such a marked degree as the railroad securities. Municipal bonds are cheaper than they have been since 1907. When public confidence is restored bond prices should quickly go higher for, unquestionably, idle funds are awaiting investment.

—The following is from one of a series of "Concrete Business Talks" issued by the Alexander Hamilton Institute, New York:

Like the Southern Classification rates, the arrangement in western territory is an evolution and must be explained on historical rather than on logical grounds. The first railroads in this territory were built in stages, and work on them was stopped for the time being when they reached certain termini. The northwestern railroads, for instance, were almost all intended to reach Minneapolis and St. Paul and did not extend their lines beyond. The central western railroads had as their first goal the Missouri river and as their second goal the mining region around Denver. The southwestern railroads were extended first to northeastern Texas, next to El Paso and southern Arizona, and after that to the Pacific Coast.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to August 18, approximate yield as figured Sept. 1.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl, New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	101 -101¾	1.66
U. S. Gov., reg. 3s, 1918	101¾-102¼	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr., '30	99 -102	3.37
Georgia 4½s, July, 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95 - 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	106¼-106¾	4.10
New York City 4½s, 1917	102¼-103¼	3.95
New York City 4s, 1959	97½- 98	4.06
New York City 4s, 1955	96½- 97¼	4.05
New York City 3½s, 1954	86 - 87¼	4.10
New York City 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅛- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅜-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
St. L. & S. F. 4½s, Feb., '12	95⅝- 96⅜	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., 1912	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	65	70
Arkansas, Oklahoma & Western	4	8
Atlanta & West Point	140	...
Atlantic Coast Line of Conn.	235	242½
Buffalo & Susquehanna, pref.	12	15
Central New England	13	18
Central New England, pref.	23	28
Chicago, Indianapolis & Louisville	50	55
Chicago, Ind. & Louisville, pref.	60	72
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	125	137½
Cincin., N. O. & Tex. Pac., pref.	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	100	103
Delaware	45	50
Des Moines & Ft. Dodge, pref.	..	70
Detroit & Mackinac	..	85
Detroit & Mackinac, pref.	82	90
Grand Rapids & Indiana	40	50
Georgia, South. & Florida	30	40
Georgia, South. & Florida 1st pref.	90	..
Georfgia, South. & Flor., 2d pref.	65	75
Huntington & Broad Top	8	9
Huntington & Broad Top, pref.	..	25
Kansas City, Mexico & Orient	18	20
Kansas City, Mex. & Orient, pref.	24	27
Louisville, Henderson & St. Louis	12	18
Louisville, Hend. & St. L., pref.	30	37
Maine Central	200	...
Maryland & Pennsylvania	15	24
Michigan Central	165	175
Mississippi Central	35	40
Northern Central	124	125
Pitts., Cin., Chic. & St. L. pref.	105	115
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	20	30
Pere Marquette, 1st pref.	50	60
Pere Marquette, 2d pref.	30	40
St. Louis, Rocky Mt. & Pac., pref.	..	40
Seaboard 1st pref.	70	75

	Bid.	Asked.
Seaboard 2d pref.	42	45
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref.	50	70
Virginian	17	22
Vandalia	80	...
Williamsport & North Branch	1	4

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A. L. (So.R.R.)	185	...
Augusta & Savannah A. L. (Cen. of Ga.)	102	110
Beech Creek (N. Y. Central)	95	102
Boston & Lowell (B. & M.)	200	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	22
Boston & Albany (N. Y. Cen.)	215	221
Boston & Providence (Old Colony)	285	293
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	120	130
Brooklyn City R. R. (Bk. H. R. R. Co.)	150	156
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	40
Christopher & 10th St. R. R. Co. (M. S. R.)	80	110
Cleveland & Pittsburg (Pa. R. R.)	168	175
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia (Pa. R. R.)	200	...
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	168	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East. Pa. (Phila. & Reading)	130	138
Eighth Av. St. R. R. (M. S. R. Co.)	250	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	140	160
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	130	...
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.	252	262
Gold & Stock Tel. Co. (W. U.)	105	115
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	92
Inter. Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	169	180
Kalamazoo, Al. & G. Rapids (L. S. & S.)	140	150
Kan. C., Ft. Scott & M. pfd. (St. L. & S. F.)	69	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich. S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	210	216
Little Schuylkill Nav. & Coal (Phil. & R.)	110	120
Louisiana & Mo. Riv. (Chic. & Atl..)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack & W.)	176	182
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	107	118
N. Y. & Harlem (N. Y. Central)	305	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	107	115
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R. of N.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	..	192
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	66	75
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa. R. R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts., Ft. Wayne & Chic. (Pa.R.R.)	166	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	165	170
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	120	130
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	190	200
Rome & Clinton (D. & H.)	140	150
Rome, Watertown & O. (N. Y. Cen.)	118	125
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	87	97
Sixth Av. R. R. (Met. S. R. Co.)	112	130
Southwestern R. R. (Cent. of Ga.)	108	115
Troy & Greenbush (N. Y. Cent.)	169	...
Twenty-third St. R. R. (M. S. R.)	200	225
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica. Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities. 25 Broad street, New York City.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	54	60
Bway Surf Ry 1st 5s	1924	J&J	102	104
Bway & 7th Av stock		....	120	135
Bway & 7th Av Con 5s	1943	J&J	100	102
Bway & 7th Av 2d 5s	1914	J&N	99	100½
Col & 9th Av 1st 5s	1993	M&S	95	100
Christopher & 10th St		QJ	80	95
Dry Dk E B & Bat 5s	1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	40	49
42d St M & St N Av 6s	1910	M& S	99½	100½
Lex Av & Pav Fy 5s	1922	M&S	95	98
Second Av Ry stock		....	7	14
Second Av Ry 1st 5s	1909	M&N	97½	99
Second Av Ry Cons 5s	1948	F&A	50	60
Sixth Av Ry stock		....	120	135
South Ferry Ry 1st 5s	1919	A&O	88	91
Tarryt'n W P & M 5s	1928	M&S	60	80
Union Ry 1st 5s	1942	F&A	100	102
Westchester El Ry 5s	1943	J&J	65	85
Yonkers Ry 1st 5s	1946	A&O	70	85
Central Union Gas 5s	1927	J&J	99½	101
Equitable Gas Light 5s	1932	M&S	102	105
New Amst Gas Cons 5s	1948	J&J	97	98½
N Y & E R Gas 1st 5s	1944	J&J	100	103
N. Y & E R Gas Con 5s	1945	J&J	95	98
Northern Union Gas 5s	1927	M&N	99	101
Standard Gas Light 5s	1930	M&N	100	108
Westchester Light 5s	1950	J&D	103½	106
Brooklyn Ferry Gen 5s	1943	....	17	24
Hoboken Fy 1st Mtg 5s	1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s	1911	J&J	93	97
NY & Hobok Fy Gen 5s	1946	J&D	93	96
N Y & East River Fy		Q M	20	28
10th & 23d St Ferry		A&O	30	40
10th & 23d St Fy 1st 5s	1919	J&D	65	75
Union Ferry		QJ	27	29
Union Ferry 1st 5s	1920	M&N	93	97

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4⅝
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern .½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½

	Bid.	Asked.
Central of N. J. 4%, Apr., '13	4½	4⅛
Ches. & Ohio 4%, Oct., '16	4⅝	4⅜
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5¼	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	5¼	5
Erie 4%, June, '13	5¼	5
Erie 4%, Dec., '14	5¼	4¾
Erie 4%, Dec., '15	5¼	4¾
Erie 4%, June, '16	5¼	4¾
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	5	4¾
So. Ry. 4½%, Series E, June, '14	5	4¾

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	101½
Amer. Steel Foundries 4s, 1923	63	66
Amer. Steel Foundries 6s, 1935	99	102
Balt. & Ohio, Southwest. Div. 3½s	89¾	90½
Bethlehem Steel 5s	83½	85
Chi., Burlington & Quincy Gen. 4s	98	98½
Chi., Burl. & Quincy Ill. Div. 4s	98¾	99¼
Chi., Burl. & Quincy Ill. Div. 3½s	87	87½
Cin., Hamilton & Dayton 4s	96	97½
Denver & Rio Grande Ref'ng 5s	90½	91½
Louis. & Nashville unified 4s	97½	98
Mason City & Ft. Dodge 4s	80	83
Norfolk & West. Divisionals 4s	91	92
Savannah, Florida & Western 6s	119	123
Va. Carolina Chem. 1st 5s	98¾	99¼
Western Maryland 4s	83	83½
Wheeling & Lake Erie cons. 4s	78	79½
Wis. Central, Superior & Duluth 4s	88½	90½
Western Pacific 5s	93	94

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	70	75
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	93	95
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	101
Monongahela River Con. Coal & Coll. Tr. 5s. 1947	95	97
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & coll. Tr. 5s, 1951	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955	70	80
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co. 1st 5s, 1928	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	92	95
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	80	83½
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.)	93	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	76	81
Guanajuato Power & El. Co. Com.	32	..
Arizona Power Co., bonds 6%, due 1933	85	93
Arizona Power Co. pref.	45	50
Arizona Power Co. com.	20	23
Great Western Power Co. bonds, 5%, due 1946	85	88
Western Power Co. pref.	46	49
Western Power Co. com.	26	27½
Mobile Elec. Co. bds., 5%, due 1946	88	90
Mobile Electric Co. pref. 6%	75	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co. pref., 6%	79	81
Amer. Power & Lt. Co. com	44	48

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F. com.	85	86½
American Brake Shoe & F. pref.	122½	125
American Brass	115	125
American Chicle com.	215	220
American Chicle pref.	96	101
American Coal Products	95	100
American Gas & Electric com.	41	44
American Gas & Electric pref.	39	42
Adams Express	250	270
American Express	240	255
American Light & Traction com.	270	280
American Light & Traction pref.	99	104
American District Tel. of N. J.	49	52
Bordens Condensed Milk pref.	102	104
Bush Terminal	85	95
Cripple Creek Central com.	15	25
Cripple Creek Central pref.	35	45
Del., Lack. & Western Coal	202½	212½
Du Pont Powder com.	154	159
Babcock & Wilcox	96	101
Bordens Condensed Milk com.	109½	111½
Du Pont Powder pref.	84½	86½
E. W. Bliss com.	120	125
E. W. Bliss pref.	125	135
Hudson & Manhattan com.	15	18
International Nickel com.	133	138
International Nickel pref.	88	93
International Silver com.	40	80
International Silver pref.	104	109
Int. Time Recording com.	175	200
Int. Time Recording pref.	104	112
Kings Co. E. L. & P.	118	123
Oil Fields of Mexico	50	70
Otis Elevator com.	45	50
Otis Elevator pref.	88	93
Pacific Gas & Electric com.	53	56
Pacific Gas & Electric pref.	82	87
Phelps, Dodge & Co.	180	205
Pope Manufacturing com.	60	65
Pope Manufacturing pref.	73	78
Producers Oil	143	148
Royal Baking Powder com.	185	195
Royal Baking Powder pref.	101	105
Safety Car Heating & Lighting	124½	126½
Sen Sen Chiclet	132	138
Singer Manufacturing	275	285
Standard Coupler com.	30	50
Texas (Oil) Company	135	140
Texas & Pacific Coal	98	103
Tri-City Railway & Light com.	22	25
Tri-City Railway & Light prfe.	86½	91½
U. S. Express	95	100
U. S. Motors com.	54	57
U. S. Motors pref.	65	68
Union Typewriter com.	37	42
Underwood Typewriter pref.	97	101
Underwood Typewriter com.	53	57
Virginian Railway	17	22
Wells Fargo Express	157	165
Western Pacific	23	26
Worthington Pump pref.	103	107

FOREIGN AND MUNICIPAL BONDS.

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	92½	93½
do 3s	83½	84½
Prussian Consols 4s	101¾	102¾
Bavarian Govt. 4s	100½	101½
Hessian Govt. 3½s	91	92
Saxony Govt. 3s	83	84
Hamburg Govt. 3s	82¼	83¼
City of Berlin 4s	100¼	101¼
City of Cologne 4s	99¾	100¾
City of Augsburg 4s	99¾	100¾
City of Munich 4s	100	101
City of Frankfurt 3½s	93	94
City of Vienna 4s	95¾	96¾
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	92	93
French Govt. Rente 3s	97	98
British Consols 2½s	80½	81½

BANK AND TRUST COMPANY STOCKS

[Corrected to August 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	165	180
Amer. Exchange Nat. Bk.	10	225	235
Audubon Bank	..	115	125
Bank of America	26	580	600
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	310	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	115	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	300	...
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	6	135	145
Century Bank	6	160	175
Chase National Bank	6	425	...
Chatham National Bank	16	300	325
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	425	440
Citizens Central National Bk	6	150	160
Coal & Iron Nat. Bank	6	145	155
Colonial Bank	10	390	...
Columbia Bank	12	350	...
Corn Exchange Bank	16	300	315
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	...	860
Fourteenth Street Bank	10	...	150
Fourth National Bank	8	180	185
Gallatin National Bank	14	325	340
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	460	...
Germania Bank	25	500	...
Greenwich Bank	10	250	265
Hanover National Bank	16	600	630
Importers' & Traders Nat. Bank	24	540	560
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	175
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	245	255
Mechanics & Metals Nat. Bank	12	240	250
Mercantile Nat. Bank	6	150	160
Merchants' Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	170	180
Metropolitan Bank	8	200	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	260
Nat. Bk. of Commerce	8	190	200
Nat. Butchers & Drovers'	6	135	145
National City Bank	10	350	360
National Park Bank	16	335	350
National Reserve Bank	6	100	110
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	310	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	230
Nineteenth Ward Bank	..	...	260
Northern Bank	6	...	105
Pacific Bank	8	230	240
People's Bank	10	260	280
Phenix National Bank	8	185	200
Plaza Bank	20	600	...
Seaboard National Bank	12	390	...
Second National Bank	12	375	...
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	10	160	175
Washington Heights Bank	..	275	...
West Side Bank	12	625	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	340	350
Bankers' Trust Co.	16	605	650
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	...	130
Central Trust Co.	45	...	1000
Columbia Trust Co.	8	270	285
Commercial Trust Co.	..	100	120
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	...	465
Farmers' Loan & Trust Co. (par $25)	50	1650	1690
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	210	220
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	800	825
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	160	...
International Bank'g Corp.	..	90	100
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	290	300
Lawyers' Mortgage Co.	12	230	240
Lawyers' Title Insurance & Trust Co.	12	250	260
Lincoln Trust Co.	..	130	150
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	535
Mutual Aliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	...	245
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	190	205
New York Trust Co.	32	...	650
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	480	500
Trust Co. of America	10	340	350
Union Trust Co.	50	...	1330
U. S. Mtg. & Trust Co.	24	450	470
United States Trust Co.	50	1175	1215
Van Norden Trust Co.	..	...	210
Washington Trust Co.	16	365	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	...	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
First National Bank	12	400
First Ward Bank	8	185
Fourth National Bank	7	173¼
Merchants National Bank	10	266
Metropolitan National Bank	6	122
National Bank of Commerce	6	173⅛
National Market Bank, Brighton	6	119¼
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	200
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127
People's National Bank, Roxbury	5	122⅛
Second National Bank	10	263½
South End National Bank	5	104½
State National Bank	7	182
Webster & Atlas National Bank	7	175
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	6	120

Name.	Div. Rate.	Last Sale.
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	735
Puritan Trust Co.	8	219
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	300	...
Corn Exchange Nat. Bank	16	406	415
Drovers Deposit Nat. Bank	10	220	225
First National Bank	16	410	416
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	175	180
Live Stock Exchange Nat. Bank	10	224	229
Monroe National Bank	4	130	135
Nat. Bank of the Republic	8	...	198
National City Bank	6	203	208
National Produce Bank	4	144	147

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	...	112
Austin State Bank	10	280	...
Central Trust Co.	7	160	163
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	148
Citizens Trust Co.	4	125	...
Colonial Tr. & Sav. Bank	10	190	195
Drexel State Bank	6	...	151
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	114	...
Farwell Trust Co.	6	120	125
Hibernian Banking Assn.	8	203	210
Illinois Tr. & Sav. Bank	20	499	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	134	140
Lake View Tr. & Sav. Bk.	5	138	141
Merchants Loan & Tr. Co.	12	400	408
Metropolitan Tr. & Sav. Bk.	6	119	122
Northern Trust Co.	8	...	318
North Avenue State Bank	6	145	150
North Side State Bank	6	135	...
Northwest State Bank	4	117	120
Northwestern Tr. & Sav. Bk.	6	137	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank	8	160	...
Railway Exchange Bank	4	125	...
Security Bank	6	170	175
Sheridan Tr. & Sav. Bank	6	144	148
South Side State Bank	..	135	150
State Bank of Chicago	12	334	338
State Bank, Evanston	10	278	...
Stockmen's Trust Co.	5	115	118
Stock Yards Savings Bank	8	...	215
Union Bank	6	134	138
Union Trust Co.	8	325	...
Wendell State Bank	..	110	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	150	155
Wilmette Ex. State Bank	..	110	115
Woodlawn Trust	8	135	140

OBLIGING

Suitor (to rich banker)—I have come to ask for the hand of one of your charming daughters.

R. B.—Just wait a minute, and I'll see if there's one left.—*Fliegende Blaetter.*

MATT C. SMITH

Treasurer United States and Mexican Trust Company

MATT C. SMITH, recently elected treasurer of the United States and Mexican Trust Company is an Illinois man, and was born in Marengo, McHenry County.

He began his business career at the age of seventeen as a teller in the First National Bank of Marengo. After five years of banking, Mr. Smith entered the field of mercantile endeavor as manager of the Fort Worth, Texas, branch office of the Aermotor Company of Chicago, manufacturers of windmills and farm machinery. Returning to financial lines two years later, he ultimately became associated with the American Guaranty Company of Chicago as manager of the bond department of that institution.

In 1906 Mr. Smith opened an office in Kansas City, Mo. His success there in the distribution of securities of the Kansas City, Mexico & Orient Railway brought him in close touch with A. E. Stilwell, the builder and president of that railway, forming a friendship calculated to last for life. In May, 1909, upon the establishment of the New York office of the United States and Mexican Trust Company—a Stilwell enterprise—Mr. Smith was called East by that company to assume the management of its bond department. This connection led to the recent action of the Trust company's board, tendering him the treasurership.

Mr. Matt C. Smith's business sense and personal magnetism are bringing him to the front in financial circles in New York.

CHINESE BANK WILL BE TO CHINA WHAT BANK OF ENGLAND IS TO THE EMPIRE

THE Tai Ching Bank, the great National Bank of China, which has just been organized by the government, is to be to China what the Bank of England is to England, writes the Canadian Trade Commissioner for the country of the 400,000,000, only with this distinction that the Tai Ching is to be entirely a government bank, its directors and managers to be appointed from Pekin, and its capital raised by the government. It will have its headquarters in Pekin, but will have branches in Shanghai and in all the principal provincial cities.

The buildings at Pekin, Shanghai, Tientsin, Hankow, etc., will be ready for occupation in a very short time, and when in operation there will at least be one native bank which will not fail and close its doors, like so many do at the present time. No foreigner can deposit or have a current or savings bank account in the Tai Ching, it is wholly and entirely Chinese.

PHOTO BY OLIVER LIPPINCOTT, N. Y.

MATT C. SMITH

Treasurer Kansas City, Mexico & Orient Railway

THE BANK, THE EMPLOYE, AND THE PENSION AND PARTICIPATION FUND

By James P. Gardner

WITH the accumulation of large surplus funds and the growing conviction of the value of the human element in the administration of a large bank, there has come into existence in many institutions, and organized primarily for the joint benefit of the bank and the men, an organization generally known as a pension and participation fund.

In Great Britain, on the Continent and in Canada, this plan to unify and to arouse a spirit of endeavor among the men to promote the best interests of the institution they serve is by no means a new departure. In the United States, while it is not so general, two of the largest banks have adopted a very practical plan along these lines, and which could well be emulated, with adaptations to comply with peculiar conditions very generally throughout the country. In the National Bank of Commerce, St. Louis, such a fund was created in 1900. The plan followed in that bank briefly, is, after the net earnings of the bank have been ascertained and all losses deducted therefrom there is set aside a sum not to exceed six per cent. of the remaining net profits for the benefit of the employes' pension fund. In addition to this a sum not to exceed four per cent. of the remaining net profits is set aside for the employes' participation fund. We have here two distinct funds, the pension fund and the participation fund. It is planned to maintain the pension fund at the sum of $100,000.

It is not necessary to detail the rules employed in the fund under consideration, except to say that officers and employes who have been with the bank for a period of five years or over, and leave because of physical disability, receive monthly, during such periods, ten per cent. of their average monthly salaries. For each year of service over five years, two per cent. is added, until twenty-five years is reached, the maximum amount paid being fifty per cent. of the average monthly salary received during the entire time of service. Should an employe sever his connection with the bank before the expiration of twenty-five years of continuous service for any other reason than that of physical disability, the right to participate in the fund is forfeited. The board of directors reserves the right to discontinue at any time the annual appropriation, in which event the credit is held for the benefit of those officers and employes who at the time have been in the employ of the bank continuously for five years or more and apportioned in such way as the board may determine.

The Participation Fund.

This fund is distributed at the close of each year in cash among the officers and employes in proportion to the salaries paid to them during the year. Of course as the appropriations to these funds are entirely voluntary and gratuitous on the part of the bank, the title to them remains in the bank and all decisions made by three senior officers are final.

In one of the leading banks of Chicago, the pension fund is based on slightly different methods. Here the officers and employes contribute three per cent. annually on the amount of their salaries payable in monthly installments which is deducted from the monthly salary. It is not customary to grant pensions until the participants have completed not less than fifteen years of service and have reached the age of sixty. Every detail and contingency, such as resignation, dismissal, death, have been adequately provided for, and the widow of the employe and the children until the youngest shall have reached the age of eighteen years are considered.

Some of the requirements, which at first sight may appear strict in their exactions, are to be explained by the paternal form of the management, which is always directed to the highest interests of the men, thus every clerk entering the bank must pass a medical examination, and no clerk is allowed to marry on a salary of less than a thousand dollars a year without the consent of the bank under penalty of dismissal.

Railroad Benefit Funds.

Let us look for a minute in another field of activity. The splendid systems of the Pennsylvania Railroad Company, the Baltimore and Ohio Railroad Company, together with other railroads, have in carefully elaborated plans made full provision for the loan, accident and savings feature of such funds and a careful study of their intricate and thorough plans to encourage thrift among the men are worthy of careful study. A summary of the two railroads named is given to illustrate:

The relief department of the Pennsylvania Railway Company is a mutual benefit association supported by contributions and payments made by both the employes and the railroad company. Its benefits are extended on the basis of a graduated scale of payments, from the standpoint of class membership in the department, and these benefits are paid exclusively for sickness, accident, and death. There is no provision for borrowing money from the relief fund, other than that incident to death, when the

beneficiary of the deceased member may be advanced money for burial purposes, the money so loaned in advance to be deducted from the regular death benefit allowance in final adjustment. Apart from the provision for sickness, accident, death, and old age, by its relief fund, superannuation fund, and pension fund, the railroad company also conducts for its employes a savings fund, the money deposited therein being subject to withdrawal at any time upon reasonable notice given, a guaranteed rate of interest thereon being paid by the railroad company, averaging about three and one-half per cent. per annum.

Baltimore & Ohio Railroad Plan.

The Baltimore & Ohio Railroad Company conducts a loan feature in connection with its "savings" feature, which, in turn, is an adjunct of its relief department. Every borrower must provide life insurance in the natural death benefit of the relief department, to an amount equal at all times to his indebtedness to the savings feature, in such manner that the benefits payable in case of death may be available to discharge the indebtedness. Where the borrower cannot meet the requirements of the relief department, then he is called upon to take insurance in some regular or commercial life insurance company satisfactory to the relief department. Sums not less than $100 may be borrowed at the rate of six per centum per annum. The loans are made to employes for the purchase of homes, building residences or making improvements thereon, for paying off mortgages and other liens on property, and for the settlement of personal debts that may become liens. Loans are made only to employes of the railroad company who are members of the relief department. This department is not in any manner a charitable enterprise, since both the men and the company contribute to it regularly, stated sums, for which certain specified benefits are paid in the event of disability or death.

The feature of participation in the profits that we have discussed—a dividend to labor, to use a favorite term of the political economist—and the maintenance of a pension fund will undoubtedly be universally adopted by our great industrial and banking concerns. They will come to see that some such action is essential to the promotion of that "esprit de corps" among their employes which they so much desire.

PRIMITIVE FINANCIAL METHODS

MRS. FERGUSON—George, what do you have to do when you want to draw money out of a bank?

Mr. Ferguson—You always have to put some money in the bank beforehand. That's always been my experience.

BEHIND THE SCENES IN NEW YORK'S GREAT BANKS

FOUR big banks in the Wall Street district resemble the great gold mines of the West in one striking feature. They have three eight-hour shifts of toilers, and the work never stops. One set takes up the routine where the other leaves off. All night long, Sundays and holidays, a staff of men in each of these banks is busy opening thousands of letters, sorting and listing innumerable checks and drafts that represent fabulous sums of money and getting them ready for the day force, which is the only one the public comes in contact with or ever hears about. If this work was not carried on incessantly the banks would soon be overwhelmed with a mountainous accumulation of detail.

Two shifts, the "scouting force," as they call themselves, work between five in the afternoon and nine the next morning, says "Harper's Weekly." Each bank has a big drawer in the general post office. Messengers clear this of letters every hour all night long. Three thousand letters a day is the average mail of one of these big banks. Two-thirds of it comes in during the night. These letters, in the case of one of the biggest of these banks, contain from 35,000 to 40,000 checks and drafts. At times these inclosures represent as much as $30,000,000. Rarely does the total fall below $20,000,000.

The letters are opened as fast as they are received, the checks are counted and the totals verified with the footings on the lists. The letters are then stamped, which shows that they have been "proven in," as the banks call it. After that they are turned over to the clerks, who send out the formal acknowledgements of the remittances they contain. The various checks are assorted according to the numbers of the books in which they are to be entered and otherwise, the sight drafts are grouped according to the routes of the bank's messengers and all is made ready for turning the night's accumulation over to the day force, so it may be handled by it as expeditiously as possible.

Each of these shifts of night workers at the banks consists of from twelve to twenty men. Some banks get along with only one extra set of clerks at night. These come on duty at midnight and leave at 8 a. m. This plan of working all night long in order to keep up with the tremendous amount of business that comes in by mail was inaugurated about five years ago. The first bank that tried it found that so much valuable day time was saved that one institution after another took it up, until now there are four that have these three eight-hour shifts of clerks and several more who work only a part of the night.

PHOTO BY PIRIE MACDONALD, N. Y.

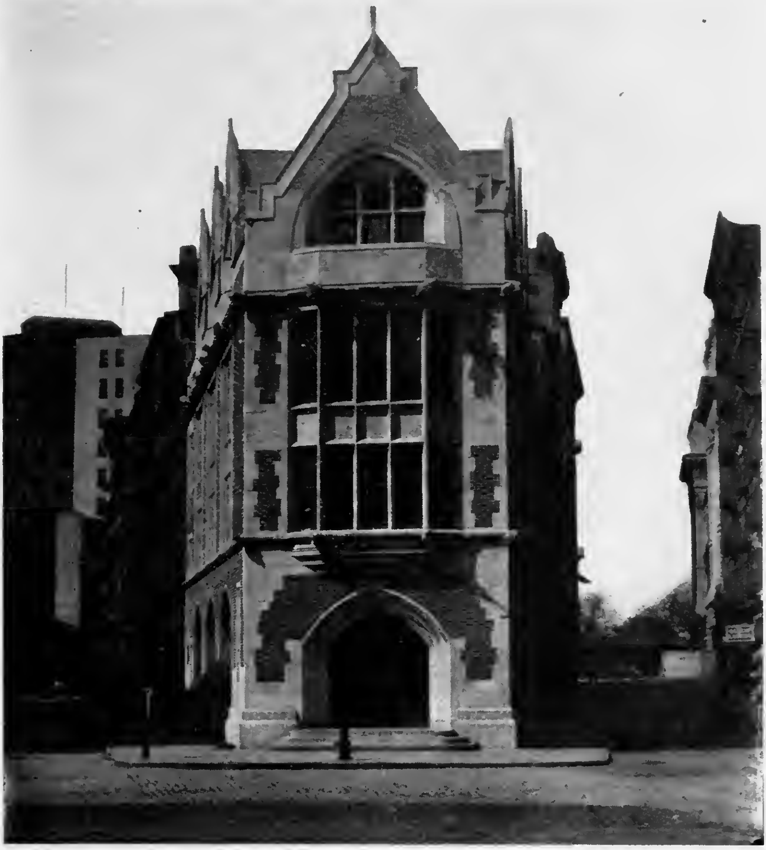
IRVING T. BUSH
President Bush Terminal Company

ECONOMICAL AND EFFICIENT HANDLING OF FREIGHT AT TERMINAL POINTS

WHAT THE BUSH TERMINAL COMPANY HAS ACCOMPLISHED IN NEW YORK

WHILE economy in the transporting of goods between different points has followed as a result of improved railway facilities, the method of effecting a distribution of freight at terminal points has in many localities remained primitive and inefficient, thus entailing a reduction of profit to the seller and an unnecessary high cost to the consumer.

Few traffic problems are of greater importance to-day than those relating to the handling of freight upon arriving at its destination. Cheap rates of transportation between two points may be largely offset by inefficient and costly means of distribution to consignees.



Executive Offices Bush Terminal Company, 100 Broad Street, New York

In dealing with this problem it has been found that concentration supplies a principal element in reducing cost, ensuring safety and in making prompt deliveries. By bringing together, under a single management, the work heretofore undertaken by each merchant or manufacturer for himself individually, cheaper handling of freight has been made possible, lower-priced insurance secured, and numerous other economies effected possible only by doing business on a large scale.

The proper storing of goods is a matter of profound interest to the banker, while he, like the rest of the community has a vital concern in whatever makes for the

A View of the Bush Lofts

One of the Bush Piers, showing railroad tracks with cars waiting to receive cargoes to be transported direct from the ship

efficient and economical distribution of the products of the farm and the factory.

It might be thought that with its vast domestic and foreign commerce, New York would be able to show the best general system of distributing goods, but this is hardly the case, though the example given below of what has been done by a single organization in New York may be found instructive to other parts of the country.

While innumerable civic organizations have been urging reforms, improvements, and innovations in New York City's passenger transit system, less energy has been expended on behalf of commerce by a betterment in the methods of moving freight. Many people seem perfectly satisfied to let the suburbanite clamor for more subways, but they do not so readily realize that the traffic they are most interested in is being neglected.

Though the railroads and express companies are doing their best, certain conditions in the city are such that improvements within the lines now established are bound to be of a very limited scope, and in fact all efforts not calculated to bring about a complete reorganization of the city's shipping manipulations will be practically futile.

Mr. Irving T. Bush, president of the Bush Terminal Company, which has established a model shipping plant covering an area of more than twenty blocks, along the Government channel in South Brooklyn, recently made a tour of inspection in the West. On his return, he did not hesitate to say that, with all due respect to the commercial greatness of New York, the average man in that city is somewhat behind his western brother in the matter of appreciating what the commerce of New York and its needs mean to the general welfare.

"A strange contrast," said Mr. Bush, "is presented by the concentrated public efforts looking to the abatement of 'rush hour' evils in passenger transit and the comparative indifference regarding analogous conditions in mercantile transportation matters. A stalled subway train or a fifteen-minute trolley blockade on the bridge agitates thousands, causes no end of discussion about the loss of time sustained by the passengers, and very often springs into general public notice in the shape of big headlines in the newspapers. On the other hand, long caravans of trucks loaded with goods worth thousands of dollars, and in the care of drivers and handlers whose time to their employers is at least as valuable as that of the clerks delayed on their way to work in the mornng, is held up day after day for hours, at the ferry entrances, and the streets from Broadway to the river front become clogged and hardly a complaint is heard.

"I do not intend to find fault with passenger transit agitation, nor wth the officials who lend a ready ear to the complants of suburban Boards of Trade," said Mr. Bush, "nor is it necessary to point out that out West, for instance, the grave importance of the freight congestion problems and their solution is apparent to the majority of citizens, while in New York only a comparatively small number seem to realize that the driving away of a single industry to another city or State is a positive loss to every taxpayer."

Peculiarities of the Problem in New York.

In a way, despite all its advantages which have helped to make it commercially great, New York is peculiarly located, and its facilities for distributing freight have been developed without much forethought. The shipping sections lie between two and six miles distant from the shipping termini, that is, the piers and the freight depots, and there are congested stretches of many miles between the various shipping termini themselves. The merchant, sending one truckload of goods over more than one line, is compelled to use either as many trucks as the number of lines he intends to use or else he must send one truck from terminus to terminus till all the goods are under way. Worse than that, the trucks cannot proceed with ordinary speed, but have to wind their tortuous way through congested thoroughfares, through lanes never meant for such traffic and through streets where pedestrians, small vehicles, and electric cars naturally have the precedence.

Now, an hour's loss in the cost of the day's work of each driver represents an item of only about twenty-five cents, but this may represent a total loss to the merchants of New York City of a sum equal to the interest on $5,000,000. There is, of course, no way of figuring out exactly how many trucks are sent to the shipping termini every day, but it is safe to say that their number is at least 2,500. If every driver loses an hour, this loss of 2,500 hours a day will amount to a total cost of $187,500, and to say that the average driver loses only one hour a day through the congestion evil is placing the estimate on a very moderate basis. Merchants figure that the cost of a horse is about seven cents an hour. On an equal division between one and two-horse trucks, the total figures into $78,000, altogether putting $265,500 a year on the wrong side

Street between two of the Model Loft Buildings of the Bush Terminal Co., in South Brooklyn, showing the railroad tracks at the door of the building

A Portion of the Union Freight Depot on the Bush Plant

of the mercantile ledger. One large shipper to whom these figures were submitted, remarked that double the amount would be nearer the truth—or a loss of the interest on $10,000,000 a year.

At certain hours of the day, the streets of Manhattan which are the most important from the commercial point of view present conditions which must seem outrageous and intolerable to the stranger who views them for the first time. Yet New Yorkers normal. The man in the street insists on subway extensions, on side-doors, and on polite guards, and almost unlimited capital tolerate them and consider them almost is being invested in order to comply with his wishes. He deserves no blame. While his own motive may be a selfish one, he acts in concert with the spirit of the community, and thus discharges his civic duty. But this same man in the street, in the ultimate analysis of his livelihood, is dependent upon

Private Office of a Tenant in one of the Bush Loft Buildings

A Typical Street Scene in New York City's Congested Wholesale District. The entire principle of the Bush Terminal Company's System is based upon the idea of making such conditions impossible

some mercantile enterprise which in turn rests upon a banking basis, and both, with the exception of a very few isolated cases, draw their life-blood from the shipping business. What then of the firm, often impersonal in its name, and a thing intangible to the general public, which is delayed in its operations, mulcted and annoyed in a hundred ways by being unable to send on and receive its shipments through and in the city without undue hindrances? No elaborate proof is needed for the statement that a carload of goods can be sent as quickly from the waterfront to Jersey as from New York's congested wholesale district to the waterfront. In an age like ours, it should not take longer to send a packing case a given distance than it takes a messenger to carry a letter over the same route. Even the automobile trucks which, for very natural reasons, are securing the right of way where horse vehicles are held up, have worked less improvement than they should have done. As soon as they enter one of the narrow streets of the wholesale section or join the waiting lines at the ferries, they become as helpless as the horse-drawn trucks.

The Remedy for Congested Streets.

There is hardly a large business house in New York City which could not reduce its operating expenses by large amounts if the commercial traffic congestion were not a fact. There is, of course, a remedy. The fact of the matter is that a good deal of the traffic in the streets of New York does not belong there. If every truck moving over the circuitous route of the streets of Manhattan to a railroad or steamship terminal were removed, the remaining traffic could be so easily handled that a good many of the passenger troubles which are now bothering the Public Service Commisson and other authorities would adjust themselves. The trouble is that the geographical conditions of the city are such that the railroads do not connect with the waterfront and the warehouses, as they ought to do, and as they do in many other cities. As matters stand to-day, the transfer of freight by trucks to factories and between the various transportation corporations is a necessity.

There is no reason why freight in transit should not be properly diverted to outlying points about New York, direct from car to car, or from boat to car. The realization of the truth of this view of the problem was partly responsible for the investment of about $20,000,000 along the South Brooklyn waterfront, and the creation of the Bush plant in that section. Wholesalers and manufacturers located there can receive at and ship directly from their doors without intermediary cartage, no matter what part of the country or world their goods come from or are consigned to, and irrespective of whether their transit is by land or water.

In order to carry out this factory-door delivery, the company has made a long chain of six and eight-story loft buildings, of concrete and steel, the centre of its establishment. Naturally, the insurance rate in such a location and in such structures, is exceptionally low. The United Cigar Stores Company, a recent lessee, to cite only one instance, pays fifty cents per $100 in its present building, in Eighteenth street, Manhattan. As soon as its removal to South Brooklyn will have been accomplished, the rate will drop to twenty-two and one-half cents per $100 which, in the case of a concern carrying an average of $900,000 worth of stock, is a saving worth underscoring in the annual balance sheet. In the case of clothing manufacturers, classed as hazardous risks by the underwriters, a corresponding decrease in the insurance rates must of necessity go a long way towards steadying their credit and facilitating their general banking operations. It goes without saying that the loft buildings are equipped with an automatic sprinkler system.

These structures are backed by groups of model tenement houses into which are filtered, from the great South Brooklyn labor markets, the thousands of operatives employed by the tenants of the lofts, some of whom have nearly a thousand hands on their pay rolls. From the doors of the buildings lead the tracks of the Bush Terminal Railroad into the nearby Union depot, where every one of the freight-carrying roads reaching New York City has a terminal. Shipments of carloads or less are therefore made by the simple method of sending a car of any road desired at the time over the Bush tracks from the Union Depot to the elevator doors of the lofts.

The water front is lined with a series of enormous piers, where twenty-seven steamship lines, connecting with all parts of the world, have their wharves. Between the piers, and the loft buildings are 128 fireproof warehouses, and at the pier heads are now being reared several structures of an entirely model design. They are combination warehouses and loft buildings, and are of particular advantage to shippers who send their goods by water. In addition to these facilities, there is now being installed a city transfer system by means of motor trucks which, starting from South Brooklyn, will conduct the deliveries into Manhattan borough.

In discussing the situation in South Brooklyn and elsewhere, President Bush expressed the opinion that whenever future water front developments are undertaken, it would be best to follow the South Brooklyn example of utilizing the land back of the piers.

"One of the principal causes for New York's present freight troubles," he said, "is to be found in the fact that the land about the piers is not being properly utilized. The mistake was made in the past. The cutting off of the water front from the uplands by a broad public thoroughfare has made it impossible on the one hand to establish along the Manhattan shore suitable facilities for ocean-borne freight commerce, and on the other, to reach it without interfering with the traffic that properly belongs on the streets. It seems to me that the proper way to eliminate many of these evils lies in the utilization of the land behind the piers. Railroad yards, warehouses, factory and loft structures, should be located close together. It is impossible, of course, to place these various shipping and commercial agencies at the head of the piers in Manhattan, because the land is otherwise employed. But there is no reason why newer locations should not be developed along these lines. In creating the Bush Terminal plant, I have had the present troubles of Manhattan in mind, and have endeavored to organize a system which will eliminate all waste effort in shipping.

"It must be borne in mind that every time a Manhattan merchant finds that his goods are being unduly delayed in transfer through the city, he must involuntarily wish that his plant was located in a more favored spot. If things get so bad that he finally decides upon moving, the financial basis of the city stands in danger of losing one of its props. If he moves to the new section in South Brooklyn, New York has not only suffered no loss, but has become a gainer by virtue of the taking away from the streets of Manhattan of an obstruction. If, on the other hand, he moves to Jersey, the city has lost in taxes, in bank deposits, in credit, and in reputation. There is no need of pointing out that Philadelphia, Baltimore, and Boston, not to speak of Jersey, are ready to take advantage of every slip New York City makes in the treatment it accords to its merchants. In Chicago, for instance, conditions, similar to ours, led to the construction of the freight subway. This system is quite a valuable adjunct to that city's shipping facilities, but in practice it has developed so many shortcomings that it would be inadvisable to introduce a similar method in New York City. St. Louis, which boasts of its Cupples Station, is in a slightly better position. However, this line is devoted to limited purposes and a duplication of it here would not suffice our needs. In other words, we must create a system of our own and the one referred to above, which would take the trucking traffic off our streets, and result in direct shipments from factory or wholesale lofts, by means of railroad termini and steamship piers located at the doors of the factories, appears to me as the only logical one."

EXPORT COTTON BILLS OF LADING TO BE SAFEGUARDED—THE PLAN

REPORT of a committee of railroad officials and bankers regarding the validation of through order notify bills of lading for export cotton, adopted at a meeting of lines east of the Mississippi river, held at White Sulphur Springs, W. Va., Tuesday, July 19, 1910, and tentatively accepted by all lines west of the Mississippi river represented at the above meeting. It being understood that the agreement will be adopted by all Western lines at a meeting to be held within one week.

Your committee appointed to consider the form of certificate to be attached to order notify bills of lading for export cotton and the method of their use recommends the adoption of the certificate in the following form and the following uniform regulations in respect to the issuance of such bills of lading:

(To be attached to order notify bills of lading for export cotton issued by agents of this company.)

Bill of lading signature certificate No......

The .... Railroad Company hereby certifies:

That .... is its regularly appointed .... agent at ...., and as such is authorized to sign bills of lading in accordance with the regulations of this company, and that the signature on the attached order notify bill of lading No..........., dated (place of issue) .... (date) .... covering .... bales of cotton marked ...., is his signature.

(Date) ....

We recommend that certificates be handled in the following manner, to wit:

That they be issued in book form, with original, duplicate and stub, and numbered consecutively, and that they be prepared by each company on paper bearing its own water marks or color tint protective devices. It is suggested that a uniform size of four (4) inches in width and six (6) inches in length be used. The certifying representative will attach the certificate to the bill of lading with mucilage or paste or an irremovable metal fastener.

The certificates will be issued to the agents in the same manner as passage tickets, and the same check shall be made of these documents in agents' hands as of passage tickets.

On the date of issue the agent will forward to the accounting department the duplicate certificate, with a non-negotiable copy of the bill of lading. The bill of lading in addition to its own number, shall bear the number of the bill of lading signature certificate which is issued in connection with it.

The agent affixing the signature certificate to the bill of lading shall, in addition to signing and dating the same and keeping a record of the number, the date and the quantity of cotton called for by said bill of lading and certificate, stamp the same partly on the bill of lading and partly on the certificate in such manner that tampering or irregularity would be apparent.

Spoiled certificates shall be immedately canceled and returned to the auditor, with report.

It is further recommended that through export bills of lading be issued upon the following conditions:

Agents are to be instructed not to sign bills of lading until the cotton is in possession of the railway company.

It being understood that cotton bills of lading may be issued on loading certificates certifying that cotton is loaded in cars designated by initials and numbers; issued by duly authorized agents of compress or warehouse companies that have executed the usual contract and bonds with the railway company, but not otherwise.

Bills of lading will be issued only by agents or other representatives of the company who are duly authorized to do so.

Only one original bill of lading shall be issued for each shipment. The practice of issuing duplicate and triplicate bills of lading will be discontinued, but as many copies as are reasonably required may be issued, provided they are endorsed "Copy, not negotiable."

The number of bales of cotton and the marks shall be written in pen and ink in the original bill of lading and not inserted with typewriter or any other manner.

There shall be no additions, erasures or changes in bills of lading.

Bills of lading will be issued in serial numbers, beginning with No. 1 at each issuing station on September 1 of each year. All copies of bills of lading shall bear the same number as the original.

A copy of each bill of lading will be forwarded on the date issued to the agent of the water carrier at the port of export in the case of indirect shipments.

The shipper is required to accept the conditions of the bill of lading by attaching his signature or the signature of his authorized representative to the original and agent's copy.

LATIN AMERICA

PERU'S RESOURCES

By Otto Sperber

PERU is the most extended, as well as the most richly-endowed country on the Pacific Coast of South America, and in the interest of all those who could eventually try this country as a field for their activity, I propose briefly to describe the sources of her national wealth as well as the possibilities she offers to investors of large and small capital. To discuss these resources in detail would necessitate the mention of every mineral that exists and of every agricultural product that is grown, for, owing to the diversity of climate, almost every fruit or grain that can be grown will thrive somewhere in Peru, on a soil of almost unexampled fertility, and nearly every mineral can be mined somewhere in her mountains, where lands splendidly adapted to the raising of all kinds of cattle are found.

Peru's Great Mineral Wealth.

The country's mineral wealth is a subject that has been discussed for centuries, and is still much talked of by those interested in the mining industry. Centuries ago Peru was famous for gold and silver. The greed of the conquerors and the many local disturbances have probably been responsible for the neglect of production in the past; but things have changed, and in the last few years foreign capital, and particularly American capital, has been attracted by the opportunities offered.

A short survey of the mines owned by Americans will tend to impart a clear idea of what the mines of Peru are in reality. The largest mine in Peru today is the Cerro de Pasco copper mine, situated 14,000 feet above sea level, owned by the Cerro de Pasco Mining Company of New York. Among the prominent Americans interested in this company are A. Vanderbilt, J. B. Haggin, H. C. Frick and J. P. Morgan. Their investment represents a cash outlay of no less than $20,000,000, while the stock capital amounts to $60,000,000. This mine was originally worked by the Indians as a silver and gold mine, and as the ores were of a very rich quality it produced large sums. Later on, when silver fell in price, the mine was partly shut down and abandoned, until

Main Street of Arequipa, Peru, from hotel balcony. This is the second largest city of Peru in population and commercial importance

copper became a valuable metal, and it was discovered that this mine contained quantities of copper of very high quality. The ore there is the richest in the world. Some of it averages about twenty per cent., although a fair average is about twelve per cent. The company is now shipping about 2,000 tons of copper a month, and is not running its present plant at its fullest capacity. The pound of copper costs the company seven cents, including freight to New York, and is sold here at the regular market prices.

In the olden days, when the mine was worked in a primitive way for silver, the miners used to complain of the large banks of copper they encountered and which incurred heavy expenses to remove, and which they threw aside as worthless. Later on, copper was worked in a primitive way, too, but the natives only worked the ore that assayed from twenty-five to forty per cent.

There is also a large mining and smelter plant at Casapalca. There are also a great many smaller silver and copper mines along the line of the Central Railway.

The Inca Mining Company, composed largely of Pennsylvania people, owns the Santo Domingo gold mine, in Southern Peru. Twenty-five years ago this mine was offered for sale for $50,000, but the Inca Mining Company paid $300,000 for it, and after a while they took out of it in the neighborhood of $100,000 per month. Up to the present time an ounce of gold is as low as they have ever worked, their average being three ounces to the ton, or about $60 per ton, while the average in the celebrated Rand mines in South Africa is about $7 per ton. The whole district seems to be very rich in gold mines. Traces of gold, indicating that this metal must abound there have also been found in almost all the rivers on the eastern slope of the Andes, as well as in other parts of the mountain region, such as the Poto mines of Sandia, in the Department of Puno.

Not so very long ago Peru was still celebrated for her silver mines, but owing to the high cost of production and difficult transportation, the actual total output does not now exceed $2,000,000 per annum.

The exploitation of vanadium in Peru is of recent date. Until a short time ago this metal was found only in combination with coal and in small quantities, averaging about $50 per ton. It is now found in other forms and runs as high as $3,000 per ton. Peru today supplies the greater part of the world's consumption of this metal, the balance coming from Spain, Portugal and Mexico. It is used in making steel and armor plate. Most of the venadium mines in Peru are now controlled by an American syndicate, headed by the Flannery Brothers of Pittsburg, under the name of the American Vanadium Company.

When new mines are being opened roads must be constructed for the transportation of the metals, but most of the mines are so valuable that the owners can easily afford to build their own railroad lines, the fuel necessary for the running of these being found in the vicinity of the mines, as is the case with the Cerro de Pasco Copper Company, the Inca Mining Company, etc., which through owning coal mines are able to make their own coke. The unlimited supply of lime and clay permits them to make their own bricks for their buildings, ovens, and other purposes.

Rich Deposits of Coal.

The coal deposits in Peru have recently begun to be developed. The product is of good quality, containing over sixty per cent. of free carbon. With the completion of the railroad now in construction, leading from the richest coal regions to the port of Chimbote, the English syndicate working the extended carboniferous areas of the Department of Ancash, will be able to deliver coal of the best quality at not much over $2.50 per ton. When it is considered that at least one million tons of coal are consumed on this coast, it can easily be seen that there is a big market for the Peruvian product. It

must also be borne in mind that coal from Australia and the United States sells at Callao for $12 per ton, and sometimes as high as $20 per ton.

The discovery of coal deposits has made Peru the most important country on the Pacific Coast of South America. There are at present no available statistics respecting the output of coal, but there is every probability that before long the coal fields of Peru will be one of her most important sources of revenues.

Agriculture and Cattle Raising.

The valleys of the mountain region are very productive. The climate there is much the same as in our Southern States, while higher up lands for cattle raising are to be found. The agricultural products of this zone yielding good crops are: Wheat, rye, corn, potatoes, and all kinds of vegetables.

The highest plateaus offer good opportunities to those interested in the production of the finest wool, since it is only in these regions that the animals producing it, the vieuña and alpaca, can thrive. The wool of these animals, which are found only in the Andes of Peru, Bolivia and Ecuador, always commands high prices on the foreign markets, owing to the scarcity of the article, the number of the animals being rather limited. This industry could certainly be greatly increased and improved, since until now the Indians are about the only ones to occupy themselves with the raising of the vieuña and the alpaca. Goats and sheep thrive splendidly, but at a lower altitude, and their wool adds $2,500,000 to the general revenues of the country.

The Peruvian Oil Fields.

Another industrial development in Peru, likely to exercise a most beneficial influence on the immediate future of the country, is the opening up all important petroleum deposits in the northern part of its territory. The Peruvian oil fields, though comparatively in their infancy, are already of great importance, the export of petroleum at the present time amounting to 200,000 tons annually. Until now the most important oil fields have been found in the districts of Zorritoros, Talara and Lobitos, in the northern region of the country, but the formation of the soil indicates that unsurveyed fields must extend far into the interior of the territory.

Some years ago, before oil was found in California, this article was sent from Peru to that State. The local consumption has materially increased, and to-day Peru cannot supply the demand of the coast, so that a large business is done in shipping California oil to the west coast of South America. Oil is also found near Arequipa and Puno, where California people are trying to develop the oil fields close to Lake Titicaca. Coal in this

Trojillo, the third city of Peru, was built by Pizarro and named after his birthplace in Spain. American Consulate in the foreground

last region costs $50 per ton, consequently if the oil turns out well it will find a good market.

Sulphur is found in rather large quantities in the Sechura district, as well as in the southern part of the country.

The Production of Cotton.

The entire cotton output of Peru amounts to 18,000 tons, with a total value of about $5,000,000. While not competing with us as to quantity, Peruvian cotton is of high quality, the "rough cotton" being celebrated the world over, as is also the grade known as "moderate rough." The peculiarity of these two grades is that they grow only in certain sections of the country. Peruvian cotton is used extensively in England and Germany by manufacturers of hosiery and underwear and even of woolen goods, and when used in conjunction with wool, it improves the quality of the cloth. It is frequently called "vegetable wool."

The "rough cotton" sells in the United States from four cents to six cents a pound above our own, while the "moderate" sells from two cents to four cents a pound more.

Peru also produces smooth cotton in the territory around Lima, of which she is beginning to export large quantities, as well as red cotton of very good quality.

The coast region of Peru is well adapted to the cotton industry. One of the greatest drawbacks in other cotton-growing countries is the damage done by excessive rains, particularly in Mexico. This danger does not exist in Peru, where rain is unknown in the cotton belt, with the exception of the Department of Piura, where it rains every seventh year. The greater part of this section is still a desert, but wherever water has been brought in contact with the soil through irrigation, splendid plantations are found. Up to the present only a small portion of the cotton district is under cultivation, owing to the lack of proper irrigation and capital. What the future of the cotton industry would be in Peru with plenty of available capital, is not difficult to calculate, since the labor question does not exist there, the Indians and half-breeds being obedient and useful laborers.

In Egypt good cotton lands cost from $200 to $300 an acre, while in Peru they would cost about $25 an acre, producing from 500 to 600 pounds of clean cotton, and as the cost of production is not more than $30 per acre, or about six cents per pound, it will easily be seen that an intelligent and industrious man can get good returns for his labor and capital. Peruvian "rough cotton" now sells at twenty cents per pound, moderate at nineteen cents and American at fourteen cents per pound.

Other Important Products.

Peruvian rice is of very fine quality and a large portion of the production is consumed at home, although quite large quantities are exported, it being made up for the shortness by importing rice from Asia for the poorer trade. The cost for the establishment of a rice plantation seems to be a trivial one when compared with the returns.

A large portion of the hats known as Panamas are manufactured in the district around Catacaos, in the Department of Piura. This hat is made from the fibre of a kind of small palm, resembling the palmetto palm. The manufacture of the Panama hat is merely a home industry.

Off the coast of Peru there are several small islands known as the Lobos and Chincha Islands, where great deposits of guano are found, which helped to make Peru famous. Peruvian guano is one of the best fertilizers known. It contains all the properties necessary for a plant food. It is rich in ammonia or nitrogen and phosphoric acid. To give a fair idea of the production of guano it is not exaggerating to say that these islands are completely covered by the birds producing the guano. It is estimated that from 15,000 to 20,000 birds occupy an acre, and as the various islands cover considerable territory, the birds must be counted by the million. Now, when it is considered that these birds do nothing else but catch fish and gorge themselves all day, and when it is borne in mind that these natural factories

A Street Scene in Troyillo, Peru, showing American Tourists and American Advertising of Singer Sewing Machines

have been working for probably hundreds of years, storing up their product, it is possible to conceive some idea of the deposits which exist there.

The Chincha Islands alone have produced eight millions of tons, and guano is sold, even recently in some countries, as high as $70 per ton. In the United States it sells, according to analysis, at from $30 per ton upwards.

Peru exports annually about 100,000 tons of guano, and it is estimated that the birds deposit about 20,000 to 30,000 tons of fresh guano each year, but about this amount is reserved by the government for home needs.

The cultivation of coca leaves is quite an important industry in Peru. Formerly these leaves were very little known, and were all consumed by the Indians, but the industry has grown and the export amounts now to 4,000,000 pounds. From the extract of these leaves cocaine is prepared, which sells for $3.25 an ounce. Coca leaves sell in the United States for twenty to forty cents per pound.

The country's exports of sugar have increased by fifty per cent. in five years and are still moving progressively. The Peruvian growers are making good profits from sugar, notwithstanding the low prices.

The sugar of Peru has the reputation of being of the highest quality. The export

of this article amounts to $8,000,000 at the present time. About half of the Peruvian sugar goes to Chili, to be refined, and the highest prices for it are obtained by selling there. The balance is sold to Europe or the United States. Very little of it goes forward unsold. The agent for the sugar plantation generally gets cable offers from every market and the highest bidder gets the product. The same occurs with Peruvian cotton.

An important by-product of the Peruvian sugar is alcohol.

Besides coffee, cocoa, tobacco and other products of the tropical zone, Peru is exceedingly rich in rubber lands, with a splendid network of rivers furnishing cheap water transportation. The present high prices for this important article must inevitably stimulate the opening up of these forest areas, which will afford a substantial source of wealth. The native Indian can gather and cure five pounds of rubber per day, and consequently if one can get enough labor, this would mean an assured fortune in a short time, with the present high price of rubber. Successful attempts have also been made to use Japanese labor. An American syndicate owns almost two million acres of rubber lands near the Neath River.

General Conditions in Peru.

Peru has successfully reëstablished her credit. The acute financial crisis which followed the war with Chili for years deeply overshadowed the Peruvian people, at the same time imposing a most onerous task upon the government. Much praise is due to statesmen, who have consistently pursued a policy of economy which has rescued the country from a condition of national despondency. In addition to rehabilitating its credit, the currency of the republic has been changed from a silver to a gold basis, and a policy of conciliation has, by means of arbitration or pacific negotiations, brought about an amicable settlement of nearly all outstanding differences as to boundary controversies with the neighboring republics. An equitable system of taxation has been devised and is now in operation.

It will be seen that the outlook in Peru is decidedly brighter. The future is opening to her with increasing promise of better things, subject always to the continuance of a pacific and sensible administration.

It is a notable fact that in the last of the five years ended 1908, without special financial legislation, the budget revenue is nearly three times greater than it was at the commencement of that period. This growth of revenue has taken place in spite of the depressing influence caused by the recent financial crisis in the United States, which brought about a diminution of nearly $1,000,000 in the revenue from the rubber tax.

MEXICO'S CENTENNIAL CELEBRATION

OFFICIAL PROGRAM

FROM September 1 to September 30, inclusive, the Republic of Mexico will fittingly celebrate the one hundredth anniversary of its independence.

The following is a complete programme, as prepared by the National Centennial Commission:

September 1: Dedication of the new general asylum in Mixcoac, at 10 a. m., by President Diaz.

September 2: Opening at 8 a. m. of the hygiene exposition of the superior board of health, showing the progress of Mexico in hygiene and sanitation from 1810 to 1910. The exposition will be open during the entire month.

September 3: Laying of the corner stone of the new city prison on the Calzada de la Coyuya, at 10 a. m., by Vice-President Corral.

September 5: Dedication of the new seismological station, at 10 a. m., by the minister of fomento; dedication of the amphitheater of the National Preparatory School by President Diaz and Minister of Education Justo Sierra.

September 6: Flag parade by school children.

September 7: Dedication of two new high schools in the Plaza de Villamil, 4 p. m., by Minister of Education Sierra.

September 8: Opening of the Congress of Americanists by Minister Sierra; dedication at 8 p. m. of the new building of the foreign relations department on Avenida Juarez by the Minister of Foreign Relations, and reception to the diplomatic corps.

September 9: Dedication at 10 a. m. of the new normal school for women; 4 p. m., placing of commemorative tablets in the houses formerly occupied by Andres Quintana Roo and the heroine, Leona Vicario, under the auspices of the governor of the Federal District.

September 10: Excursion of delegates to the Congress of Americanists to San Juan Teotihuacan; visit to the Pyramid of the Sun and the Sacred Road, under the auspices of the department of public instruction.

September 11: Dedication at 10 a. m. of new building of war by Minister Gonzales Cosio; opening of the Fourth National Medical Congress at 4 p. m., by Minister Sierra.

September 12: Dedication at 10 a. m. of new normal school for men by President Diaz; 4 p. m., placing of commemorative tablet in Mineria Palace in honor of students who participated in the war for independence, by governor of Federal District and city council.

September 13: Inauguration of city water works by Vice-President Corral and the Junta de Provision de Aguas; inaugural session of Pedagogical Congress of Primary Instruction, by Minister Sierra.

September 14: Grand civic parade at 9:30 a. m., participated in by all classes of society; procession will march from the Iron Horse, through Avenida Juarez and San Francisco, passing in front of National Palace for review by the president and cabinet. Committees will place floral wreaths over urns of heroes of independence in the cathedral, 9 a. m.; dedication of reconstructed municipal palace, reception and concert by the superior council of the Federal District.

September 15: At 9:30 a. m., great historical parade, organized by the National Commission; procession will form in the Paseo de la Reforma and march through Avenidas Juarez and San Francisco to stage in front of National Palace, where various historical scenes will be re-enacted.

At 4 p. m., celebration and entertainments in the various buildings of the Beneficencia Publica.

At 4 p. m., free functions in the theatres, bull fights and other spectacles.

At 9 p. m., fireworks on the Zocalo and in other parts of the city; concert in front of the National Palace; singing of the centennial hymn by chorus of several hundred voices.

At 11 p. m., ringing of the independence bell by President Diaz; display of fireworks all over the Federal District.

September 16: At 9 a. m., reading of the proclamation of independence and dedication of the monument to independence on the Paseo de la Reforma, by President Diaz.

At 10 a. m., great military parade of 10,000 troops through principal streets of city to palace for review by President Diaz.

At 8:30 p. m., free functions in theatres, concerts in parks and gardens, under the auspices of Governor Landa y Escandon of the Federal District.

September 17: Dedication of Balbuena Park; grand serenade.

September 18: Dedication at 10 a. m. of monument to Benito Juarez on the Alameda by Vice-President Corral.

September 19: Dedication at 10 a. m. of the Department of Weights and Measures in the Department of Fomento.

Grand ball tendered by President Diaz in the National Palace.

September 20: Velada in Arbeu Theatre dedicated to the scientific and literary societies of the republic, under the auspices of the National Commission.

September 21: At 9 a. m., placing of commemorative tablet at the Ciudadela, where Morelos was detained before his execution, under the auspices of the National Commission.

At 7 p. m., grand torchlight parade, organized by the commission, marching through principal streets to place for review by President and the cabinet.

September 22: Dedication of the National University, literary and scientific fiesta, President Diaz and Minister Sierra participating.

September 23: laying of the corner stone of the new legislative palace at 4 p. m. by President Diaz and Minister of Public Works, invitation balls in various theatres and popular balls in the market buildings under auspices of the commission.

September 24: Banquet at 8:30 p. m. by the Minister of Foreign Affairs to diplomatic corps.

September 25: Sham battle by the army under direction of Secretary of War.

September 26: Dedication of the reconstructed tunnel of Tequisquiac and of new works in connection with the drainage system of the Valley of Mexico, under the auspices of the Minister of Public Works.

September 27: Apotheosis of the chiefs and soldiers of the war of independence; great patriotic fiesta organized by the commission.

September 28: Dedication of the new works in Chapultepec Park; concerts, fireworks and illuminations under auspices of the Junta of Improvements of Chapultepec.

September 29: Dedication at 10 a. m. of the new addition to the penitentiary by the vice-president and governor of the Federal District.

September 30: Grand velada in the Arbeu Theatre for the distribution of premiums to the winners in the historic, literary and musical contests conducted by the department of public instruction, and distribution of prizes of winners in the contests conducted by the National Centennial Commission, under the auspices of the Minister of Public Instruction.

To assist in her centennial celebration, Mexico will invite all of the nations of the world with whom diplomatic relations are maintained.

France, Germany and China have signified their intention of presenting a lasting memorial to Mexico on the occasion of the

centennial. The first will return the silver keys to Mexico City given to the French on their entry into the capital, Germany will erect a monument to Humboldt, while China has not yet announced the nature of her gift. Other nations are now preparing to follow the example of these and contribute in a substantial way toward commemorating the period.

Special low rates for the Mexican centennial will go into effect about the first of August, good for return to about the middle or last of October. In addition there may be lower rates from most points in the United States from Texas, Louisiana, New Mexico, Arizona and California for the main attractions about the middle of September. Rates will be adopted by the Southwestern Passenger Association from all points in the United States to all points of Mexico for the centennial, the rates being one fare, plus $2 gold for the round trip. The centennial rate will be about the lowest ever offered by the Southwestern Association to points in Mexico, and will be put on this year with the anticipation of a large movement of Americans in the months of August and September. Local passenger men look for the biggest passenger movement in the history of Mexico. All roads in the United States are preparing literature on Mexico, which will be scattered through the American Union. There is no doubt that Mexico will be the main point of interest for American tourists this summer. Doubtless there will be thousands who usually go to Europe who will come to Mexico for the first time. So far no arrangements have been made for special trains. The National Railways will be ready to put on special trains in case the passenger traffic is heavy enough.—*Bulletin of the International Bureau of the American Republics.*

LATIN AMERICAN TRADE GROWS

WHILE the trade of the Latin-American republics has grown to $2,000,000,000 a year since 1906, the International Bureau of American Republics can justly claim the credit of $52,000,000 of the gain, according to the special report made by John Barrett, director of the bureau, to the fourth Pan-American Conference now in session at Buenos Ayres.

Some of the facts about Latin-American commerce, which Mr. Barrett gives in his report, show a marvelous growth. In 1909 the twenty republics south of the United States bought from and sold to the rest of the world more than $2,000,000,000 worth of goods. That was more than twice the foreign commerce of Japan and China combined for the same period. The increase of Latin-American trade in the last decade was about 125 per cent.

The exports in the last ten years show an increase of 140 per cent., and the imports in the same time have made a gain of 115 per cent. The United States did $600,000,000 worth of business with Latin-America in 1909, the trade having doubled itself in the last ten years.

Mr. Barrett's report shows a corresponding increase in the work of the bureau. Since the last Pan-American Conference in 1906 its work has increased 1000 per cent. It has distributed 500,000 pieces of literature on Pan-American relations this year, as against 50,000 a year ago.

AMERICAN ELECTED PRESIDENT SPANISH-FILIPINO BANK OF MANILA

JOHN S. HORD was born in Texas in 1862. He became successively the editor of a local paper, school teacher, county surveyor for eight years, and subsequently engaged in manufacturing and agricultural enterprises in different parts of Mexico. In 1899 he went to Cuba and from there he journeyed to Porto Rico and was Collector of Internal Revenue of that island for four years. From 1904 to 1910 he was Collector of Internal Revenue for the Philippine Islands. When Congress was considering

JOHN S. HORD

President of the Banco Espanol-Filipino of Manila

that portion of the Payne-Aldrich tariff bill which particularly concerned the Philippines, in 1908 and 1909, Mr. Hord was called to Washington to furnish all the statistical information he could give.

In January of this year, Mr. Hord re-

Banco Espanol-Filipino in Manila

signed from the Internal Revenue service to engage in the import and export business in Manila. On the eighth day of February, 1910, he was elected president of the Banco Espanol-Filipino.

GUATEMALA, THE GREATEST REPUBLIC IN CENTRAL AMERICA

(*Pan-American Magazine.*)

THE wealth of Guatemala consists in its rich soil, which, according to the altitude, yields the products of every zone. The shores are lined with mangroves, the rivers with bamboos, beyond which rise the forests, where the mahogany, the cocoanut, cohune, and other palms tower above the wild bananas, ferns and gingers that scantily cover the bare soil below, whilst the exuberance of orchids and trailing parasites confuses the identity of the trees. In the uplands are forests of huge pines and spruces and oaks, agaves, and cherimoyas appear on the hillside, and thick grass clothes the ground; even in the dry lava plains a coarse grass springs up between the lava blocks, and acacias and calabash trees are met with. The forests contain over a hundred kinds of timber trees, including many of the most valuable.

Maize and haricot beans (frijoles) grow freely everywhere, peas and potatoes in sufficient quantity for consumption, wheat in the uplands and rice in the bottomlands. Other products are coffee (the chief export), sugar, cacao, india-rubber, tobacco, cotton, pita and sisal hemp, sarsaparilla and many medicinal plants, bananas and a number of other fruits, mostly of the finest quality. The export of cochineal, formerly of chief importance, has almost ceased. Cattle are raised sufficiently for the needs of the country, though not, as in Honduras, for exportation.

The fauna of Guatemala includes the jaguar, puma, ocelot, coyote and red-deer, tapir, peccary, armadilla and several monkeys; iguanas and turtles are numerous, whereas the alligators are small and not frequent, and boas and venomous snakes, though the number of species is considerable, are seldom met with. The birds are of great variety and beauty, comprising several hundred species. Insects abound, the most notable being the brilliant butterflies, immense beetles, locusts, many kinds of ants, scorpions, tarantulas, grass-hoppers, mosquitoes, flies and jiggers.

The industries of Guatemala are chiefly confined to the manufacture of woven fabrics, pottery and saddlery: there are several chocolate factories and flour and sawmills in the country, and numerous distilleries of the fiery aguardiente.

GENERAL NOTES

—Directors of the Banco Mercantil del Paraguay of Buenos Ayres have declared a dividend of twelve per cent., as a result of the past year's working. In their report they state that, although the market has not yet resumed its normal condition, yet it has improved, and during the last month of the year there had been more movement. Business is surer and more solid, free from speculations of negative and disastrous results. Foreign capital is again taking an interest in the country. The good tobacco crop, its better prices, increases in the value of lumber and hides, and reduction in imports have been the principal factors in the all-round improvement. The movement of the bank has been as follows: Current accounts, \$628,133,461.86; cash, \$917,083,612.-36; discounts, \$49,690,576.39; deposits, fixed, \$31,938,609.87; other accounts, \$417,132,800.-

92. Total, $2,043,979,061.40. The year's working gave a profit of $4,660,807.47. The reserve funds now stand at $6,000,000, being thirty per cent. of the capital.

—The government of Brazil, like that of the United States, has just provided for the creation of a postal savings bank system.

Loans are to be made by the postal banks as by other savings banks, and the earnings are to go into the treasury. All deposits and transactions are based upon the guaranty of the Brazilian Government. Deposits from three cents to $300 may be made, and interest is allowed at four per cent. annually on sums ranging from thirty cents to $300. This is one per cent. less than the current rate allowed for time deposits by Rio de Janeiro banks. Deposits may be withdrawn upon funds ten to thirty days' notice. In addition to allowing funds from deposits to be handled on the basis of other savings bank funds, the Brazilian system provides that the deposits may be loaned to popular banks or rural loan associations. If the depositor wishes, his funds may be invested in national bonds at his own expense.

—Consul Albert W. Brickwood, Jr., of Tapachula, Mexico, furnishes the following information relative to the fusion of railways in Guatamala:

Additional interest in the Pan-American railway system arises from a proposed fusion, which it is reported will take place within a brief time, of the railways of Guatemala into a merger controlled by the Guatemala Central Railway. In this fusion commercial supremacy is expected to shift to American control, the Occidental Railway of Guatemala, a most important factor in the coffee movement of Guatemala, having passed into the ownership of the Guatemala Central Railway, an American corporation, through purchase of the stock of the former company. The Guatemala Central Railway runs from San Felipe to the port of Champerico; the Ocos Railway from the port of Ocos to Vado Ancho, in the coffee district of Guatemala. The Guatemala Central Railway likewise owns sixty-five per cent. of stock of the Guatemala Northern Railway, from Puerto Barrios to Guatemala City.

The Pan-Americanization of the Guatemalan railway lines also aims at the Pan-Americanization of the railways in Salvador, it being the intention of the Guatemala Central Railway to merge the Salvador Railway and to build a railroad from Santa Maria across the Salvador border to the city of San Salvador to connect with the Salvador Railway. The coffee moved from Salvador each year amounts to about 400,000 bags, or 60,000,000 pounds, a quantity readily seen to be of consummate importance in figures of freight.

FATE CANNOT CONQUER MEN LIKE THIS

SELDOM has there been seen a more inspiring example of indomitable energy triumphing over fate than that which the engraver Florian is now giving to the world.

Six years ago, while at work upon the designs for the new French bank-note, he was suddenly stricken by paralysis. His right side became as if dead; he was bereft of speech; the hand whose skill had made him famous was useless forever. Did he complain? Did he resign himself to the inevitable? Did he sit down in despair and allow his young wife and daughters to support him? Not for a moment. He let the women work, it is true, but only while he learned to engrave with his left hand.

Hour after hour, day after day, month after month, he passed, struggling with that awkward, untrained left hand, drawing at first crudely like a little child, then with ever-increasing precision. Gradually he educated the refractory member to obey his will. Drawing, water-color painting, designing for typographers, succeeded one another, until today he has again attained absolute mastery over the graver's tools. Arsene Alexandre, the famous art critic, saw him at work a few weeks ago, his wooden block screwed to a table, his left hand plying the tools with all the deftness his now dead right hand formerly possessed, his speechless lips smiling and his face radiant with happiness.

To a man like Florian fate has no terrors. Such men cannot be conquered. And if ever Labor should erect its Pantheon, Florian is worthy of a high niche among the heroes of work.—*New York World.*

WHY NOT AN AMERICAN SYSTEM OF BANKING?

By George L. Kreeck, Cashier First National Bank, Bonner Springs, Kansas

NO question so vitally concerns the interests of this country as our system of banking, yet I believe it is not so much a question of the flexibility of our currency as of the elasticity and flexibility of our banking assets. What is wanted are assets easily and readily convertible so that customers of the banks may receive at all times their full credit-accounts or deposits, without causing the banks to "call in" or restrict their loans.

The central bank plan seems to receive the most attention. From all that I have read, and heard on this subject, I have to find the plan that is not practically new to our financial system.

It is not a revolution of our banking system that is needed, but an evolution.

Because our Monetary Commission has made a tour of "foreign parts" and discovered that nearly all of the countries of the Old World have central or government banks, is no reason why this country of the New World should have them.

If the bank-note circulation of England, Scotland, Germany, and the rest of them, adjusts itself to the business demands, it is not necessarily a foregone conclusion that the same system would produce good results if adopted here. I do not believe that it would, for our system has grown out of American conditions, and is wholly American, suited to our financial and industrial and commercial interests. The foreign plan may work admirably with their centralized banking arrangement, but to adopt such a system to independent, individual, decentralized banks would be a difficult undertaking.

Who would change the American spirit and individualism for the English, Scottish, French or German spirit? Can any country show the progress of this country? Could we have attained this position except by our present method of independent banking? It is practically conceded that we could not. Then why change it, if by a few modifications or amendments we can still have an American system, the peer of them all.

Capital Equipment of the Banks.

An examination of the report of the Comptroller of the Currency for the year 1909 shows some of the difficulties which stand in the way of making our banking system adequate to the demands made upon it. On page seven of the report we find the table of "Ratio of Capital" to deposits, loans, etc. It shows that in 1897 the ratio of capital to credit accounts or deposits was as $1 to $2.93, while in 1909 it was as $1 to $5.30. In the matter of capital to loans we find in 1897 the ratio was $1 to $3.25, but in 1909 $1 to $5.43.

Taking the following table of reports from all banks, in periods of ten years from 1880 to 1909 we find:

	Capital	Deposits	Loans
1880...	$565,200,000	$1,951,600,000	$1,662,100,000
1890...	968,700,000	4,062,500,000	3,842,000,000
1900...	1,024,700,000	7,238,900,000	5,657,500,000
1909...	1,855,987,000	14,425,223,000	11,373,200,000

This shows the increase of credit-accounts or deposits and that of loans to the amount of capital, with a disproportionate ratio of increase in the deposits and loans compared to the increase in capital.

In this table capital is spoken of as the sum authorized under the right of capitalization, not the available capital ready for the current demands of business.

In the abstract of the reports made to the Comptroller of the Currency for September 1, 1909, we have total unavailable capital assets of nearly $302,000,000. This result is shown thus:

Banking house, furniture and fixtures		$200,076,548
Real estate		21,205,681
Amounts deposited with the Government:		
U. S. bonds for circulation	$668,660,170	
U. S. bonds for deposits	39,222,300	
Other bonds for deposits	17,991,758	
Premium on bonds	14,721,196	
Five per cent. redemption fund	32,488,612	
	$773,084,036	
Now deduct:		
Circulation received	$658,040,356	
U. S. deposits	35,226,912	
	$693,267,268	
		79,816,768
Total national banking capital unavailable		$301,098,997

The table represents only the amount of capital charge against that of the national banks, showing the amount of their capital unavailable for current credit redemptions.

More than double this amount is unavailable when the entire banking interests of the country are taken into consideration. (For this calculation use the special report from the banks of the United States issued by the National Monetary Commission for April 28, 1909.)

The last ten years show a greater increase in the amount of unavailable capital (for current redemptions) than any previous ten years, and the ratio of increase of each year greater than that of the year previous.

It has been estimated that the greatest money demands made on the entire country have never exceded $300,000,000. The total unavailable capital (for current redemption) of all banks is nearly $700,000,000. With the total money demands not exceeding $300,000,000, and with nearly $700,000,000 unavailable current capital assets, it would seem, with proper capitalization and an increase in capital-assets, that the present American banking could be retained.

The amount of capital necessary for a bank is the amount that will provide ample protection for its credits, meet the demands of its customers, and provide for the efficient equipment of its offices, without the bank being forced to call in loans or restrict commercial accommodations.

The national banks of this country have made a direct capital investment of over $600,000,000. Capital is invested in the business of banking not for permanent, long-time or direct investment, but for the purpose of supporting credit obligations received in the course of business.

With the sum of $600,000,000 or even $300,000,000 added to the available capital assets of our banking institutions, would it not add stability to the business interests, and give elasticity to credit accommodations?

Strong Reserves and Ample Available Assets.

Deposits are demand obligations of a bank, and should be supported by strong reserves and ample available assets. They must be met on demand, and if safety is to be taken into consideration, should be supported by proper capitalization. The Comptroller's report shows a number of banks having individual deposits amounting to from twelve to twenty times their capitalization. In several of these instances the redemption equipment consists of only one-third or one-fourth capitalization and the balance is provided by loans. Such a method of doing business would be looked upon with discredit in any other line, yet the bankers carry on their business by this method. They are not to blame, but the practice or law that will permit inadequate bank capitalization in relation to the bank-credit extended is responsible.

Another weakness aside from that of inadequate capitalization is the reserve equipment.

The item "deposits" will show to a great extent a considerable amount of manufactured bank credit. This credit is not supported by ample reserves of gold, but is largely based upon securities, bank notes and redeposited reserves of other banks.

Of the $1,532,000,000 of invested reserves of the national banks on September 1, 1910, no small amount of this was being used for the support of a much larger volume of credit on the "market" in that of "call-loans," underwritings, and other speculative assets.

Reserves invested in this manner are not reserves at all. Call loans are usually secured for the purpose of carrying on margin speculation. Underwriting and the buying of large issues of bonds on margins or credit is highly speculative and should not be permitted in the business of banking.

With the greater percentage of the reserves of the banks of the country centered in the central reserve cities, used again to create additional bank credits without ample gold reserves or proper capital support, invested in more or less speculative assets, it is no wonder that banks find themselves in tight straits when an emergency falls upon them.

Call loans may be "gilt-edge" in ordinary times, but the oncoming of unfavorable conditions proves them to be most dangerous. Under strain or panic the banker finds that he must protect these "securities" in order to preserve his institution, and as a result there is a shock to all interests which reacts more or less disastrously on all enterprises. Invested reserves of this class are not reserves at all, but are speculative loans.

Burton says in his "Crises and Depressions" that the banks are looked to as the "barometer of the stability and tendencies of the times. Accommodations to enterprises must be restricted when near the danger point, not only for the bank's preservation, but for the business community as well. This is done to protect the reserves and is necessary, yet there are times when loans have been refused upon the best of banking securities. The object of this is to provide against the strain of the panic. Every accommodation refused upon good securities is but a step further in hastening the oncoming panic to its zenith." Walter Bagehot in his "Lombard Street" says that what is necessary to stem or stop a panic, is not to refuse accommodations upon good securities, that though the money may be dear, still there is money to be had.

The report of the Comptroller shows the cash and reserve equipment of the national banks on September 1, 1909, to be:

In cash reserve $942,652,509 made as follows:

Cash items	$38,287,273	
National bank notes	40,204,902	
Specie	666,399,897	
Fractional currency	2,756,883	
Legal tenders	187,693,960	
Due from U. S. Treasurer	7,311,594	
	$942,652,509	
Amount of reserves invested:		
U. S. bonds on hand		$23,145,640
Due from approved reserve agents		719,351,249
Stocks, securities, etc.		893,388,542
		$1,640,885,431
From this deduct the amount of the liabilities:		
Bills payable	$32,825,193	
Bonds borrowed	36,228,978	
Other liabilities	1,638,126	
Due to reserve agents	38,638,667	
		109,330,964
Amount of invested reserve		$1,531,534,467

In the "cash reserve" we have "cash items" $38,287,273. This is of more or less doubtful nature. Many banks carry expense vouchers, etc., under this heading for numerous reasons.

The item of nearly $720,000,000 invested "with reserve agents" is worthy of attention. With a change in this one item (granting ample balances for exchange purposes) so that it should be invested in first-class, gilt-edge securities, would add a larger amount of available current assets for the money-demands that may be made; either by the sale of the securities or their hypothecation. And such could be done without disturbing commercial accommodations, or the relations of one institution to the other.

The bank reserves are watched by the business interests, and they are regarded as the indicator of the soundness of the business and credit conditions. But with these reserves not of the proper character, invested in more or less speculative assets, and with the reserve banks not properly equipped, a misconception of the actual state of our banking equipment results.

There should be a distinction in the "reserves," showing what portion of them are cash and exchange accounts, and what portion are investments and the kind of investments.

Money reserves should be provided out of the capital and for this purpose the banks should have ample capitalization, especially those in the reserve centres. This reserve, retained in gold, would remedy one of the fundamental defects of our banking and currency system.

It is claimed that the establishment of a central bank would be for this purpose, and also of regulating the rate of discount and note issues.

If this can be done without the introduction of new machinery, such as the central bank would be, why not do it?

Our present system of clearing-house associations are better equipped and in direct touch with the varied business interests of the country, and appreciate the demands made by them better than any Government department can possibly do. Some provision could be made, under rigid regulations, placing this function with these associations, or with an association of these associations to be used in times of demand or emergency.

With such modifications of the Bank Act as would require the banks to possess sufficient capitalization, that such capital be not encumbered with unavailable assets; requiring the proper amount and character of reserves, with these changes it would not be necessary to introduce a new and untried system of banking.

A REMARKABLE RECORD

H. A. DUNCAN, president of the Marine National Bank of Bath, Maine, has signed every bill issued by that bank either as cashier or president. As the time extends about forty-four years, his record is probably unequaled in New England. To make the record unbroken, the officials of the bank have on several occasions during the illness or absence of Mr. Duncan, held the bills until he was able to sign them. The best time made by him in attaching his signature to bills was 400 signatures in forty-five minutes.

SAFE DEPOSIT

THAT BOOKLET YOU'RE PLANNING

DO you intend to bolster up your safe deposit department with a bit of effective publicity? Then you will do well to consider the merits of an attractive booklet.

Of course there are a great many different kinds of booklets, ranging from the very expensive down to the modest folder, and yet the selection of one suitable to your individual needs should not prove a difficult undertaking.

Just by way of offering some help along this line, we reproduce herewith the contents of a most artistic and effective booklet distributed by the Long Island Safe Deposit Company of 198 Montague street, Brooklyn, N. Y. It bears on the cover, printed in gold, the phrase—WHY WORRY? The first page starts off like this:

Why Worry?

Do you think it is worth while to worry about the safety of your valuable papers when they can be safeguarded absolutely for a trifle over a cent a day?

Renting a box in the great vault of the Long Island Safe Deposit Company is really insurance against worry.

For the small sum of five dollars a year you can have better protection here than you would have with a thousand-dollar safe in your own office or residence.

It is impossible for the average private individual to have a safe of his own as secure and convenient as our vault, for the simple reason that this vault cost more than the average individual could afford.

The safe deposit vault has been called the community strong box. The cooperation of a large number of individuals makes possible this plan of perfect security and renders personal care and anxiety in watching and guarding valuables, unnecessary.

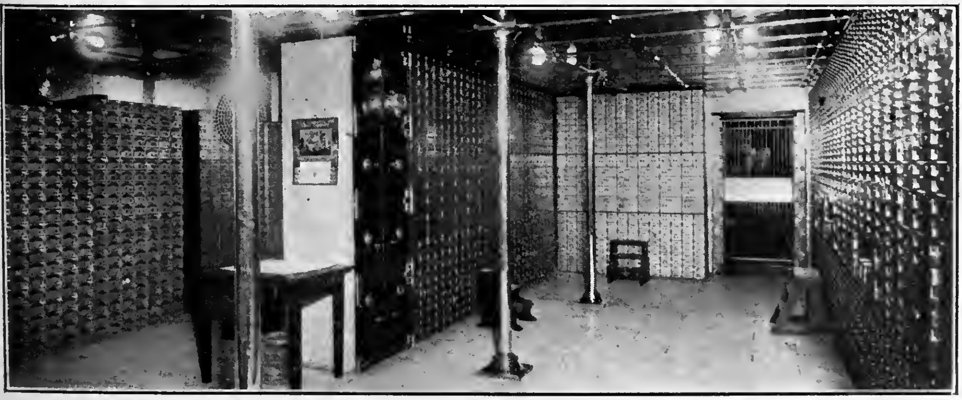
There is safety, convenience and economy in using a private safe in our massive new safe deposit vault.

The vault work, consisting of safe deposit vault and silver vaults, is built entirely independent of the building construction, and upon its own foundation. It is one of the strongest in New York City. In its construction are employed the most approved methods and materials, so that the vault is absolutely impregnable.

In addition to these vaults, there is ample space for the storage of trunks, the monthly rental charge being nominal—according to the valuation of the articles. Our own wagon and uniformed attendant calls for and delivers trunks and packages.

This is of particular interest to householders who expect to be away from home for a longer or shorter period, as, for instance, on a summer vacation. If you expect to close up your house and go away, and want to rest assured that your silverware, cut glass and other valuables of that nature are perfectly secure in your absence, telephone us, 6000 Main, or drop into our office at No. 196 Montague street, and arrange for the storage of your valuables in our great vault. Remember that our own wagon and uniformed attendant will call for your trunk, case or parcel, and thus you will be relieved of all responsibility.

In the transaction of business with this company and in using a safe deposit box here, you can be assured of perfect privacy. There are private rooms and tables for the use of customers in examining the contents of their safe deposit boxes, putting new papers in and so forth.



Interior View of Vault, Long Island Safe, Deposit Company

Office and Private Booths

Among the valuable papers and articles that we can store away safely for you are:

Leases, deeds, abstracts, mortgages, contracts, partnership agreements, pension papers, naturalization papers, bonds, stock certificates, bank books, insurance policies, receipts, blue prints, rare books, plate, and many other such things.

Have you anything of this kind that is exposed to loss or destruction? If so, you ought to store them in our vault and insure yourself against worry as to their safety.

You do not need to be a person of great wealth to use a safe deposit vault to great advantage. Persons who do not possess a great many valuable papers may nevertheless appreciate the wisdom of protecting those they have when they can do so absolutely for as small an outlay as five dollars a year.

It may be that a five-dollar-a-year box would not be large enough for your requirements. We have larger ones—the largest renting for $150.

There are a great many things that could happen to your valuables left at home or in your office that could not possibly happen to them when stored away in our impregnable, Gibraltar-like safe deposit vault.

Why take chances? Why not eliminate even the possibility of loss by renting a box in our fire and burglar-proof vault?

Every year fire, burglary, theft, carelessness, cause the loss of many thousands of dollars in actual cash kept at home or on the person.

Besides the sense of security which is yours when your valuables are safely locked up in one of our safe deposit boxes, you will find it a great convenience to have your securities, bank books, papers, etc., right here in the business section of Brooklyn, and only a few minutes from the heart of Manhattan.

In this way you avoid the necessity of carrying valuable papers to and from your residence, and thus do away with the possibility of loss by carelessness or theft.

Showing the Massive Doors

Manager's Office

Whether or not you are at the present moment prepared to rent a safe deposit box, we wish you would feel at liberty to come into our offices in the basement of the Title Guarantee and Trust Company's new building, No. 196 Montague street, Brooklyn, at any time. We will be pleased to show you all the details of the security and convenience of our vault and storage rooms.

YEGGMEN BUSY AGAIN

AFTER several months of cessation of operations in Minnesota the bank cracksmen got busy on August 1 at Onamia, Minn., blew the safe of the State Bank of Onamia, secured between $2,500 and $3,000 and escaped in a stolen rig toward Mille Lacs. Five men formed the party. A feature of the event was the holding up of J. H. McKenzie, editor of the village newspaper, by the yeggs on Mr.

McKenzie's return from a night's fishing trip. He was forced to stand by with arms in the air while the bank door was forced and the safe blown. Posses formed soon afterward scoured the country around, but without success. The detectives of the Interstate Protective Association are on the case. Onamia is situated near an Indian reservation, and at the time of the bank robbery the village marshal was engaged in quelling an incipient Indian outbreak at the edge of the town. The Indians were intoxicated and fighting. It is believed the crafty yeggmen supplied the liquor to get the marshal out of the way.

THEIR OWN BANKERS

Trousers and Skirt Prove Poor Safe Depositories

GEORGE HARVEY, a farmer living near Duquoin, Ill., will recover $2,250 out of $3,250 which be brought to St. Louis wrapped in a salt sack and pinned to a trousers leg. He lost it in walking along the streets, and his unique "safe depository" indirectly leaves him short exactly $1,000.

The report of Mrs. Mattie Rich of 503 South Broadway, St. Louis, that daylight robbers with revolvers had taken $2,400 from her room led to the recovery of Harvey's money. After she had told the story detectives found the money in a drawer of her dresser. She was arrested and at police headquarters confessed that she had found the money near where Harvey had lost it. She admitted she gave part of it to friends.

Mr. and Mrs. T. C. Bennett of Bristol, Tenn., lost heavily in a bank failure years ago and vowed never again to put their trust in banks. They are now in Hutchinson penniless, their children hungry. They came from Bristol with their entire fortune of $3,000 sewed in the lining of Mrs. Bennett's skirt. On the train the money disappeared.

A SAFE DEPOSIT COMPANY IS LIABLE ONLY FOR NEGLIGENCE

THE following is taken from the New York *Journal of Commerce and Commercial Bulletin* and should be of interest to the readers of this department:

NEW YORK, Aug. 1, 1910.—1. Employees of safe deposit companies have a key which, with the customer's key, is used to open outer boxes. If an employee should rob a customer's box, getting at it by some manipulation of keys, would the company be liable for the loss?

2. If a safe deposit company's vault be dynamited and a customer's box is robbed, would the company be responsible for the loss? What is the liability of a safe deposit company to its renters of boxes?

C. D.

REPLY.—1. A safe deposit company is bound to employ great care in selecting employees. It must not accept one about whose honesty there is any doubt, and it must not continue a person in its employ after it has any reasonable ground upon which to suspect him. That is the full extent of the company's duty. It is not liable for the criminal acts of its employees. If one of the latter should steal a customer's property the company could be held only for loss by negligence. And its negligence, if there were any, would lie in the fact that it had accepted the employee without sufficient inquiry, in the first place, or that facts had since come to light sufficient to raise a doubt of the employee's integrity, and that these facts were known to the company or would have been known to it if it had used a reasonable degree of care in looking after the interests of its customers. If negligence cannot be established in one of these two ways the company cannot be held.

2. A safe deposit company is not an insurer of the property in its vaults. If a vault is blown to pieces and the property taken, the company is not liable unless negligence on its part can be shown. It may have been negligent in having flimsy doors that could easily be blown to pieces, or in failing to keep a sufficiently sharp lookout for safe-blowers. Negligence must be alleged and proved or the company cannot be held.

FIRST POSTAL SAVINGS DEPOSITORY IN WASHINGTON

THE first postal savings depository will probably be established in Washington, where it will have the close supervision of the Board of Trustees of the Postal Savings Banks System, composed of the Postmaster-General, Attorney-General and Secretary of the Treasury.

Whether the branch post offices in East Washington and Georgetown will have savings banks at first is as yet undetermined. It is believed, however, that soon after the trustees have satisfied themselves with the workings of the bank at the main office banks will be incorporated in the branches, at which perhaps a better test of this system could be made. It is quite probable, too, that the first extension of the system will be made to Baltimore, as that city is in easy reach of the officials at Washington.

The committee working on plans for the system is said to have adopted pass books instead of coupons in the deposit methods and to have recommended the use of $10 and $100 bonds.

BANKING PUBLICITY

Conducted by T. D. MacGregor

THAT BANK ACROSS THE WAY

AN OLD CUSTOM IN VOGUE FOR YEARS IN A FINANCIAL INSTITUTION THAT WOULD HAVE BROUGHT ABOUT DISTRESSING CIRCUMSTANCES HAD NOT AN ENERGETIC CASHIER CAPPED THE CLIMAX AT THE PROPER MOMENT

By Arthur A. Ekirch

I

"THE man that introduced the old saying, 'Competition is the life of trade,' should have died before the thought entered his brain," muttered the president of the Old Town Bank.

"I disagree with you there," spoke up Carson the cashier.

"We've been in the banking business thirty odd years, Mr. Foster, the only bank in Wells County. Our stability and conservative methods are known and appreciated by every person in this prosperous community. Some of our depositors have been with us from the first day we opened for business and I venture to say, if competition does enter the field, we will prosper, not perish."

"That's all very well," replied the president, "but remember, Carson, if the Wells County Bank opens across the way, it surely will not help us or bring us any new business; rather on the other hand I feel they will take it away from us. Am I not right?"

"I think not, Mr. Foster," the cashier replied with emphasis. "I still believe as I always have that competition is the life of—"

"Hang the old saying!" interrupted the president angrily, "there never was any truth in it and there never will be.

"William Hunter, I understand," he continued in harsh tones, "is slated for president and you know as well as I, that anything Hunter takes hold of usually turns out successful."

Carson nodded his head, but made no reply.

The Old Town Bank being the only financial institution in Wells County had naturally been a success from the day it opened for business, back in the seventies.

They never advertised—why should they? Everybody knew the bank and its organizer and Commander-in-chief, Mr. Foster.

And now the sad awakening.

Rumors were afloat that William Hunter intended if possible to drive the Old Town Bank to the wall.

II.

Carpenters and painters were busily engaged finishing the two-story structure which had been erected to house the new institution.

The following week the Wells County Bank opened for business. The new gilt sign on the roof glittered in the morning sunlight and cast it golden reflection across the street, where the Old Town Bank stood, as it had for the past thirty years, with its dismal front and old style appearance.

Carson was in an unusually happy mood as he entered the bank on this particular morning. President Foster, who had arrived at an early hour, sat at his desk gazing across the street. The Wells County Bank building seemed to have a mocking fascination about its construction that drew his attention.

"Here Carson!" he called, noting the cashier's arrival. "Read that sign the Wells people have just tacked up in their window."

Carson entered the president's office and stepping over to the window, read aloud:

"Three per cent. paid on deposits, subject to check."

"Three per cent.—subject to check!" repeated the president in tones of rage. "The pirates; there should be a law prohibiting the rascals from paying exorbitant interest rates and by-jingo I'll see that there is before many moons, I'll—"

"Mr. Foster!" interrupted the cashier, "it is as I expected. The battle is on and we must fight. It is useless to grasp the bull by the horns, it will be far more businesslike to wave the red flag and tantalize the beast. In other words, Mr. Foster, the time has arrived when we must advertise."

"ADVERTISE!" burst forth the president in tones of rage; "who ever heard of a well-managed, conservative institution like the Old Town Bank advertising?

"We've been in the banking business a long time," he continued, "and never have we spent one penny for publicity."

"I understand," retorted the cashier, "but conditions at the present time are radically different from those of the past. We now have the bank across the way to contend with and I can assure you, Mr. Foster, that unless we do spend a few pennies for

publicity our future growth can be counted on your finger tips."

The president made no reply, so Carson withdrew from the office and returned to his desk.

As the cashier was leaving for home this particular evening, the paying teller called to him and stated that Judge Long (one of their best depositors) had withdrawn fifteen thousand dollars.

"Did he say what he intended to do with the money?" queried the cashier.

"Yes, it is his intention to deposit it with the Wells County Bank where it will earn three per cent. interest."

The cashier made no reply, aside from a sharp "good-night" and started on his journey homeward.

Across the street, an electric sign blazed forth in bold letters the name "WELLS COUNTY BANK." Carson gritted his teeth and passed on.

After dinner he called upon Mr. Thorn, one of the directors of the new institution whom he knew quite intimately and learned from him that an appropriation of one thousand dollars had been voted by the members of his board to carry on an advertising campaign.

"You need not worry," said Mr. Thorn, offering Carson a chair, "or feel that our intention in organizing the Wells County Bank was to compete with your good institution. I have learned from good authority that something like one million dollars has been deposited by the mill-hands and farmers of Dunham and the surrounding suburbs in 'banking by mail' institutions throughout the country."

"How do you account for this?" asked Carson eagerly.

"The progressive banks of the country," replied Mr. Thorn, "advertise for mail accounts and offer four per cent. interest as a special inducement to deposit with them. They are unquestionably safe and you know as well as I that everybody is as anxious to get as much return on their money as possible."

Carson nodded in the affirmative.

"Mr. Hunter and myself feel that this money rightly belongs in Wells County and it is our intention to carry on an advertising campaign, in the hope of winning the good will and business of the mill-hands and farmers of the various suburbs and at the same time increase business in general."

"Glad you dropped in," said Mr. Thorn, as Carson was leaving, "and, by the way, always remember that 'He who is biz and wants to rise, must either bust or advertise."

III.

As days wore on, the Old Town Bank's deposits grew less. The bank across the way, however, from all accounts, seemed to be enjoying the fruits of success.

Mr. Foster grew restless, and Carson, who usually bore a cheery expression, took on a haggard look.

The cashier realized that competition was in no way bettering the condition of the Old Town Bank—it was in reality driving it slowly, but surely, to eternity.

Conditions continued to grow worse. The cash reserve was running low and unless something was done and done mighty quick, loans would have to be called.

"If the president would only brush the cobwebs from before his eyes," murmured Carson, "and acquiesce to an advertising campaign, it would not be long before we would gain all we have lost."

He arrived at the bank a little later than usual one morning and failing to find the president on hand, set to work opening the vault.

The clock in a far corner of the bank struck ten. Carson grew uneasy.

"Note, sir!" exclaimed Jones, the porter, handing the cashier a small envelope addressed in feminine handwriting.

Carson recognized the writing as that of the president's daughter and tearing it open in haste, read:

Winfried Carson, Esq., Cashier Old Town Bank, Wells County.

Dear Mr. Carson: Father died suddenly this a. m. JANE FOSTER.

The cashier gasped and turned pale.

"Mr. Foster dead!" he stammered. "It can't be true.

IV.

A meeting of the board of directors was called and Vice-President Brown imparted the sad news.

Carson took this opportunity for enlightening the members of the board of the true condition of the bank. He also emphasized the fact that the old methods employed by the bank would no longer hold good and closed by asking that an advertising appropriation be voted upon.

The minutes of the meeting showed that an appropriation of one thousand dollars had been made, to be used as Mr. Foster's successor saw fit; his successor being Winfried Carson.

Mr. Carson's election to the presidency of the Old Town Bank was received by the townspeople with much enthusiasm and all hands felt certain that it was a step in the right direction.

V.

About a year ago I had occasion to visit Wells County, and while in that vicinity I thought it advisable to call upon my old friend, Carson, slap him on the back, hand him a perfecto and ask for one of the bank's last statements.

The train drew into the station at 2 p. m. Alighting, I made my way up Main street, turned the corner of Yonge avenue, and was

astonished to find the "Old Town Bank" housed in a new building.

"Times must be prosperous in this vicinity," I exclaimed, as Carson arose from his desk to greet me.

"Sort of, Ned," he replied in a jovial manner. "We put them out of business a short time ago; purchased every share of their stock; moved into their quarters and increased our deposits over a half a million dollars."

"Consolidated with that bank across the way?" I queried anxiously.

"Not exactly, Ned; we beat them at their own game. You will remember my predecessor had little, if any, faith in publicity. He fought shy of all attempts toward advertising and thus decreased the bank's business. Upon his death I took the helm, and after a strenuous tug-of-war, lasting a little over a year, I succeeded in proving to the population of Wells County that the one and only bank in the county was the Old Town.

"I planned the advertising campaign myself, Ned, and the entire cost amounted to only seven hundred dollars, three hundred less than my board appropriated.

"The local papers were brought into play and an educational 'ad' was inserted weekly. The text matter was straight from the shoulder talk; not the usual boiler plate copy peddled by various concerns and sold at so much per week.

"The newsaper 'ads' were keyed and all inquiries were at once referred to our cashier, who followed them up either by letter or in person. Facsimile letters were next brought into use and mailed to a list of ten thousand farmers, mill hands and townspeople in the county.

"The letters were followed up with a neat booklet, explaining the bank's mission, the excellent facilities for handling accounts, the liberal loan accommodations, and last, but far from least, a special note was made as to the bank's long, prosperous and conservative career.

"Advertising has made the Old Town Bank what it is today, Ned," Carson continued. "Without it we would have perished; with it we have succeeded."

Glancing at my timepiece I found I had exactly seven minutes to catch the express for Wayne Junction, where a business appointment awaited me.

"I'm off, Carson," I exclaimed, arising, and reaching for my hat.

"By the way, Ned, what line of business are you in?" he called after me.

"Selling boiler plate copy!" I shouted in reply, and was off.

ADVERTISING CRITICISM

Comment on Advertising Matter Submitted for Criticism

WE are in receipt of the following letter from R. W. Peery, cashier of the Buchanan National Bank of Buchanan, Va.

The publicity department of your magazine, in which you present "ads." as used by different banks throughout the country, together with your criticisms on same, have proven very interesting, as well as beneficial, to me.

Ours is strictly a country bank, being located in a town of about 1,200 people, surrounded by substantial, though not wealthy, farmers. We do not have to preach saving to our customers, but must show to the people that we offer a safe place for their money, and for this reason we bring out in our folders and newspaper talk the idea of Government supervision, etc.

For your consideration we are enclosing newspaper clipping gotten up in form of contributed article, which touches on postal banks as well as Government supervision. I also am enclosing copy of cercular letter, together with statement, we have been mailing out. We believe this direct plan of advertising very effective, and do most of our advertising in this way.

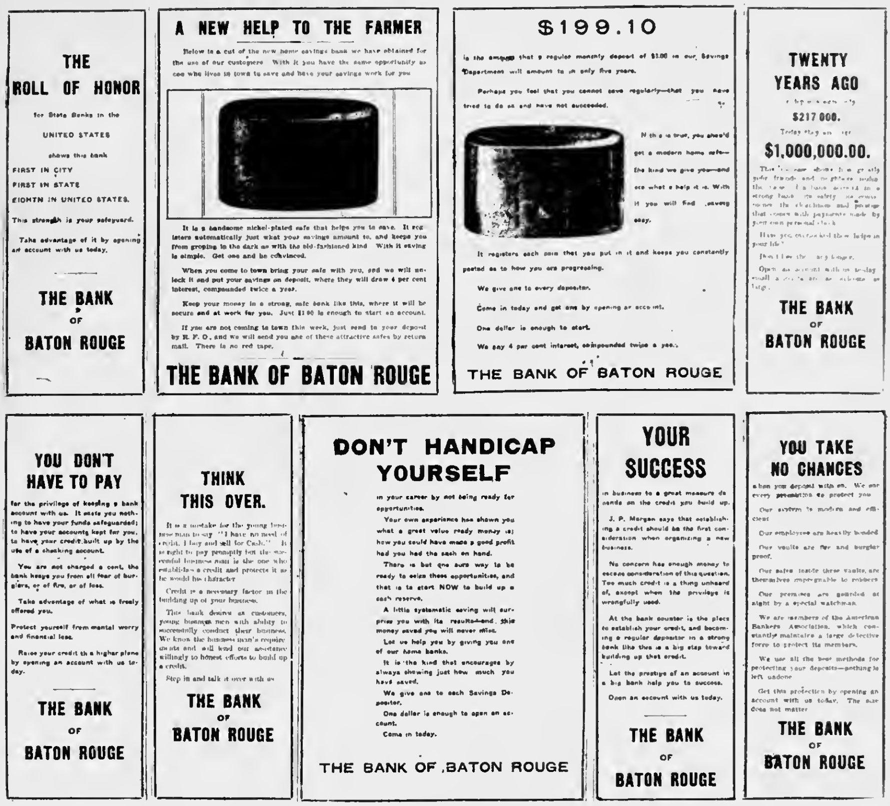
Any word of criticism you may make will be highly appreciated, as we are open for criticism, realizing our efforts are far from perfect and that to perfect our defects we should be open to an unbiased report on what we may attempt in any line.

The advertisement referred to was in the form of a reading notice, as follows:

U. S. GOVERNMENT SUPERVISION OF BANKS.

It is said that a great many of the foreign laborers who come to our country, not being familiar with our banking system, put their savings in the form of postal money orders, knowing the post office department is a branch of the Government. This kind of banking, however, does not prove attractive to our people, as there is no return on the deposit, and the strong banks operating offer not only safety for money left with them, but a return of from three per cent. to four per cent. on deposits in the form of certificates and savings accounts.

No doubt postal savings banks will attract deposits, but the return will be so small the establishment of postal banks will not disturb the funds now with the commercial and savings banks, but will, on the other hand, tend to increase the actual money in circulation by bringing out money that has never been in bank, the money placed with the postal banks going into the



Commonsense Advertising

channels of trade through the national banks designated as government depositories of such funds.

National banks offer a high degree of safety to depositors, owing to the fact of direct government supervision of their business, double stockholders' liability, national bank examiners, etc.

In the establishment of the national banking system, the Government has made laws looking particularly to the interest of the depositor, and the tendency with the present comptroller, who has charge of this branch of the Government, is to make even more stringent regulation of these banks.

The Buchanan National Bank, while one of the country's newest financial institutions, has resources of over $130,000. The capital and surplus of the bank is $27,000, which, together with stockholders' liability, make total security to depositors $52,000. New accounts are cordially invited, both checking and certificates of deposit. In placing your banking business with the Buchanan National you have advantage of Government supervision of your money, as well as a safe and conservative management of the bank's affairs.

BUCHANAN NATIONAL BANK.

A recent form letter which this bank sent out with its statement reads as follows:

To Our Friends and Customers:

We are enclosing herein financial statement of condition of this bank as rendered to the Comptroller of the Currency on June 30, from which you will see something of the growth of our institution.

It is exceedingly gratifying to stockholders and mangement of the Buchanan National that such a healthy growth can be shown, and we desire to express our appreciation for the support given us by the business public.

If we have been of service to you in the handling of your banking business, we would highly appreciate a good word spoken in our behalf to your friends, with a view of securing them as depositors.

With best wishes, we are,

In regard to this advertising, we can only say that the Buchanan National Bank is on the right track, and the matter submitted is very good inded. There are some things a new bank can't shout about very much so that it behooves it to make the most of the talking points it does have. For a new national bank government supervision is certainly a strong point to be emphasized in advertising.

The bank of Baton Rouge, La., writes:

Gentlemen:

Some time ago you kindly passed on some advertising matter we sent you. Since then we have tried to improve, and so would like an opinion from you now.

We therefore enclose some of our recent advs.

Would you take your hammer to these and knock the weak spots out, so that we may see how we can do better.

Modern advertising is an entirely new field to us.

Thanking you for your attention, we are,

We reproduce a group of this bank's newspaper advertisements. They speak for themselves. We notice a decided improvement in this institution's advertising. This is bound to be the case where the man in charge makes a careful study of publicity work. The simple but strong typographical display—not too many different styles of type and the judicious use of white space—is a good point about these advertisements.

J. N. Edlefsen, assistant cashier of the Pennsylvania Bank, St. John's, Oregon, writes:

In April I sent you one of our folders that we put out at that time, and you were kind enough to pass your opinion on same by letter as well as an article in the June number of the Bankers Magazine.

The greatest defect of those folders was undoubtedly primitive print and paper. We have endeavored to remedy such defects in the folder put out a week ago, of which we are enclosing a sample.

If I am not imposing on your valuable time, I should be very glad to have your criticism on same.

The new folder is much better than the former one. It is printed on white pebbled stock in brown ink and is legible and attractive. The subject matter is good, most of the space being taken up with a detailed explanation of the bank's statement, clear enough so that "he who runs may read."

A GOOD BOOKLET

"WHY a State Bank" is the title of an excellent booklet issued by the Deposit Bank of Winona, Minn., a copy of which is furnished us by Assistant Cashier E. E. Shepard. It is a particularly well printed job and the arguments contained therein are right to the point.

The booklet has this to say about the Minnesota Banking Laws:

The present Minnesota State Banking Law was passed as recently as two years ago. The lighter machinery of the State Legislature responds more quickly to the demands of the people than the more ponderous machinery of our National Congress. Our State laws are intended to cover our own peculiar local needs and can be adapted more perfectly to the conditions of a particular section. On the other hand, it is exceedingly difficult to make one law for the whole United States that will fit the widely differing needs of widely separated sections. In respect to banking laws, what might be well enough for New York City, a commercial centre, might not do at all for Winona, a farming and manufacturing centre.

Our recent Minnesota State Banking Law is as perfectly adapted to conditions in Minnesota as banking experts could make it. The best features of the National Banking Law and of other State laws were used in drafting it, and improvements were made where experience had shown weak points in other laws.

SOUND ADVERTISING TALKS

E. ST. ELMO LEWIS, advertising manager of the Burroughs Adding Machine Company, has been doing considerable talking before gatherings of bankers and business men recently on the subject of advertising.

Following are extracts from two of his recent addressses:

At every stage of business development education is required on both the seller's and the buyer's side of the case. Only within the past five years have bankers seemed to realize that the education of the public was required in order to bring into circulation the dead, inactive money hidden and hoarded in the parlor stove, the old stocking and in the tea caddy in the cupboard. It has been said that one-fifth of our total circulation was "dead" because of lack of confidence in our monetary institutions. Some banker with a vision saw this condition and evolved a theory that he could educate the people into a greater confidence in banks, by letting them know more about banks and bankers. He had confidence in the people, and he let them see it. He advertised that confidence and created a new business.

The advertising man caters to no class, except his possible customers. He has no end save results. He has no ethics save service. He has no ideals save making good. He has no rigid theories bound up in the winding-sheet of sacred economies. His work is to know each day what the Great American Public's heart is turned to, and what its head is thinking.

This is a vital thing—this human confidence we are dealing in. It is a part of the web and woof of our American business life —don't fight it—don't try to ignore it. You can't win the fight—and you can't get along without the public's confidence and sympathy. You can lead this public—for there is nothing so childlike and faithful as this public of ours—with its friends whom it knows. It will folow even unworthy leaders whom it believes in and admires. It will

A Pittsburgh Bank Ad. in the Serb National Paper

go to war for the men who have proven worthy of its confidence.

I plead today with you for a larger public sympathy with your people and mine. You need it most of all—you men of money, you who must enter through the needle's eye, and how like a needle's eye is the entrance for the rich man, to the heart of a people.

You need this publicity most, you men of wealth, because it is your privilege to devote yourselves to the public weal. We give you a privilege. yes, we exact the price—fealty and single-hearted devotion to duty.

I have tried to-day to show you, at the risk of being prosy and trite, one or two fundamentally wrong things that are the excuse for present day public suspicion.

This is the day for fair men, unselfish men, courageous men.

They are not found in the star chambers or in the secret conferences.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Merchants-Laclede National Bank of St. Louis issued an attractive brochure giving historical matter regarding early St. Louis. The booklet, entitled "Laclede, the Founder of St. Louis," was written by Walter B. Stevens. The special occasion for the memorial is explained thus:

In memory of the founder of St. Louis, landmarks—a street and a park—have been named, corporations have been titled, and celebrations have been held. But during the 146 years of the existence of this community no monument has been reared to the merchant—Laclede.

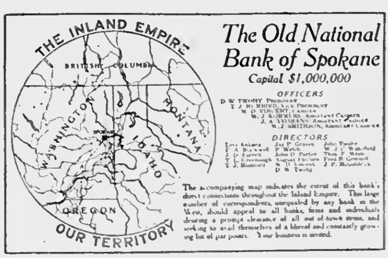
When the banking room of the Merchants-Laclede National Bank of St. Louis was remodeled, a place of honor was made above the entrance. By the unanimous vote of the directors, it was decided to put there the bust (in bronze) of Laclede, whose name has been borne by the institution nearly half a century. The commission has been executed by George Julian Zolnay. The time is deemed fitting to recall the founder's personality and to present a concise narrative of the founding, with the reasons why St. Louis may feel pride therein.

THE MERCHANTS-LACLEDE NATIONAL BANK OF ST. LOUIS.

Another historical bank publication is a cloth-bound book entitled, "A Century of the National Bank of the Northern Liberties of Philadelphia." This splendid work was prepared by Lemuel C. Simon, cashier emeritus of the institution. The book consists of over fifty pages and is thoroughly illustrated by half-tones. Altogether it is a model for a commemorative work of that kind.

The Old National Bank of Spokane makes good use of space on a postcard by the map and copy reproduced herewith.

The Mercantile National Bank of St. Louis took advantage of the fact that Henry Aehle of its Transit Department was a delegate to the recent A. I. B. convention at Chattanooga by sending out a postcard with



Good Postcard Ad.

a picture of the bank building. Mr. Aehle was represented as saying: "Where I work. I will meet you at the convention."

The Eighth National Bank of Philadelphia sent out to its customers a neat book containing "things every depositor should know." It is written in a plain and concise way, avoiding as much as possible the use of technical terms.

The Salem (Mass.) Five Cents Savings Bank some time ago published an eight-page advertisement in the *Salem Evening News*, giving a complete list of depositors' accounts by number and also a statement of the bank's own investments. The number of accounts was 24,751 and the total deposits, $8,202,167.94. There is a vast amount of work connected with such an advertisement, but it makes a correspondingly strong piece of publicity.

The First National Bank of Norfolk, W. Va., is an aggressive advertiser. It recently printed an interesting booklet in the Italian language for the benefit of the large population of that nationality in its vicinity.

THE AMERICAN EXCHANGE NATIONAL BANK OF NEW YORK

A MORE MODERN POLICY ADOPTED BY THIS OLD AND SUCCESSFUL INSTITUTION

WHEN Lewis L. Clarke was elected by the board of directors of The American Exchange National Bank of New York as president of the bank, to fill the office so long and ably occupied by his distinguished father, the late Dumont Clarke, the bank found itself facing a unique situation.

From 1857 The American Exchange National Bank had adhered with unfaltering tenacity to the principle that the payment of interest on deposits was opposed to the best interests of the banking and commercial world, and during that time the bank had to face the vigorous and pecuniarily attractive competition of its neighbors, who offered interest on current balances. As a consequence, though the bank prospered it did not grow in proportion to the wonderful business development of the country.

The new administration, while recognizing the merit of the principle of the nonpayment of interest on deposits as an abstract proposition, discerned with good judgment the utter lack of any benefit to the community by the adhesion to this principle by one or two banks in the face of an almost universal practice of the payment of interest on bank balances by the foremost banks of the country in every large financial centre. The enormous growth of the trust companies had compelled banks to meet their competition. The payment of interest on balances, while open to grave objection, had become a fixed banking custom.

With due respect to his father's ideas of banking, Lewis L. Clarke, with the consent and help of his board of directors, has successfully inaugurated the interest-paying plan as one of the first acts of his administration.

As evidence that the change of policy has been a successful one, by a comparison of the Comptroller's calls of June, 1909, and June, 1910, the bank's net deposits have increased about $7,000,000. This is hardly a fair comparison, since the new plan only became effective about thirty days before the last official report of condition. But it shows that The American Exchange National Bank is coming into its own and that, too, quite rapidly.

Away back in the year 1838, on the 14th day of September, The American Exchange Bank was organized, with a capital of $5,000,000. It was then the largest, and for many years, the second largest, capitalization of any bank in this country. On June 30, 1865, it was nationalized as The American Exchange National Bank.

Lewis L. Clarke, president of The American Exchange National Bank, is in the prime of life, being in his fortieth year. He entered the service of the bank March 17, 1889, serving his apprenticeship in its various departments, in time becoming secretary to the president. This position he held for about five years, during which time he was adding to his store of banking knowledge and experience. Three years ago, while acting as assistant cashier, the call came to go up still higher. He was made vice-president, the position he held until this spring, when he was unanimously chosen to the presidency.

Following Mr. Clarke's death and the election of Lewis L. Clarke, Edward Burns was elected vice-president of the bank; Walter H. Bennett was appointed cashier and A. K. de Guiscard, assistant cashier.

Mr. Burns has been connected with the bank for forty-five years, entering it in 1865 at the bottom of the ladder. He was

made assistant cashier in 1881, and cashier in 1887, in which office he served until his election as vice-president.

Mr. Bennett started his business career in the dry goods district and was for a time with R. G. Dun & Co., and entered the bank in 1886 as a clerk, worked through the various departments, and was appointed assistant cashier in 1893, and vice-president and cashier in 1910. At the recent annual convention of the New York State Bankers' Association, Mr. Bennett was honored with the vice-presidency of the association.

A. K. de Guiscard entered the bank in 1864 as a clerk, and worked through the various departments, and at the time of his appointment as assistant cashier was general bookkeeper.

In July of this year, Arthur P. Lee, Elbert A. Bennett and George C. Haigh were appointed assistant cashiers. The experience of the new assistant cashiers in The American Exchange National Bank have been similar to those of Mr. Burns and Mr. Bennett. Each came to the bank in boyhood and have, by their individual merit, worked their way up to official positions.

Mr. Lee is but thirty-nine years of age, yet has been with the bank since 1885, a period of twenty-five years. He was the demand loan clerk. Elbert A. Bennett, who by the way, is not related to Vice-President Bennett, came to the bank in 1889 and is now but thirty-seven years of age. He has spent twenty-one years in the service of the institution. George C. Haigh is the youngest of the officers, being but thirty-three years of age. He has been employed in the bank since 1893 and was of late years the manager of the credit department.

The principle of rewarding ability, efficiency and fidelity has evidently been fully carried out by The American Exchange National Bank.

BY-LAWS OF THE NATIONAL CURRENCY ASSOCIATION OF THE CITY OF NEW YORK

IN our August issue reference was made to the organization of a national currency association by the banks of New York City, and the full details were given as to the method of operation, etc. Believing that our readers will want a copy of the by-laws for reference purposes, we print them here in full, with explanatory subheads:

ARTICLE I.

Membership.

Sec. 1. Membership in this association shall consist of national banks doing a business within the Boroughs of Manhattan, the Bronx, Queens, Brooklyn and Richmond, of the City of New York, and Long Island

Sec. 2. All applications for membership shall be in the form of a certified copy of a resolution of the directors of the applicant, filed with the secretary of the association. Such applications shall by him be referred at once to the committee on membership. The report of the committee on membership shall be presented to the board and shall be submitted to the secretary of the treasury of the United States with the recommendation of the board, and if approved by him the applicant shall thereupon become a member of the association.

Sec. 3. Any member of this association may withdraw therefrom, with the approval of the Secretary of the Treasury of the United States and the consent of the executive committee of the board of managers of the association, providing at the time of such withdrawal there shall be no unredeemed additional circulating notes issued to this association.

ARTICLE II.

Board of Managers.

Sec. 1. Each member of this association shall file with the Secretary of the association and with the Secretary of the Treasury, a certified copy of a resolution of its board of directors, authorizing its president or any Vice-President to act on the board as its representative, but no bank shall have more than one representative upon such board at any one time.

Bills of lading will be issued in serial numbers, beginning with No. 1 at each issuing station on Sept. 1 of each year. All copies of bills of lading shall bear the same number as the original.

A copy of each bill of lading will be forwarded on the date issued to the agent of the water carrier at the port of export in the case of direct shipments, or at the port of trans-shipment in the case of indirect shipments.

The shipper is required to accept the conditions of the bill of lading by attaching his signature or the signature of his authorized representative to the original and agent's copy.

The special committee on bills of lading of the New York Chamber of Commerce on Thursday adopted resolutions expressing gratification over the outcome and urging that the same arrangements be made with respect to domestic bills of lading. Here are the resolutions:

Whereas, The result of the various conferences of a committee of bankers and railroad officials was the adoption on July 19, at White Sulphur Springs, W. Va., of a form of certificate to be attached to through

order notify bills of lading for export cotton and certain uniform regulations in respect to the issuance of such bills of lading, therefore be it

Resolved. That this committee congratulate the railroad officials and the others engaged in these negotiations on the happy result of their work, and we desire to record our approval of the important move made to restore the credit of the bill of lading, and our belief that validation certificates issued under the conditions agreed upon will prevent forgeries and place around the issuance of this class of bill of lading all the safeguards that can reasonably be expected, and be it further

Resolved, That it is the sense of this committee that the same arrangements should be made in respect of domestic bills of lading.

Sec. 2. (a) The annual meeting of the board shall be held at the office of the association on the second Tuesday of June in each year, for the purpose of receiving reports of officers and committees for the preceding year and for the election of officers and the appointment of committees for the ensuing year.

(b) Special meetings of the board may be called at any time by the executive committee or the President, or Vice-President, and shall be called by the President, Vice-President or Secretary upon the request of five members of the Association.

(c) Notice of each special meeting, stating the time and place, shall be given by the Secretary to each member of the association.

Sec. 3. A majority of the members of the board shall be necessary to constitute a quorum, but a less number may adjourn from time to time.

ARTICLE III.

Expenses of the Association.

Sec. 1. The expenses of the association shall be defrayed out of a fund to be raised by the board or executive committee from time to time by assessments upon the members in the proportion which their capital and surplus respectively bears to the aggregate capital and surplus of all the members of the association.

Sec. 2. The assessment and collection of such fund and its disbursement shall be regulated and controlled by the board or the executive committee.

ARTICLE IV.

Committees.

Sec. 1. There shall be an executive committee, consisting of seven members of the board, of which the President and Vice-President of the association shall be two members ex officio. The executive committee shall be appointed by the board at its annual meeting, and, except in the matter of the election of officers and the making of by-laws, may exercise all the powers of the board when the latter is not in session, and shall, among other duties, pass upon all securities, including commercial paper, offered as a basis for additional circulation. Vacancies in the executive committee may be filled by the board from time to time.

Sec. 2. There shall be a committee on membership consisting of five members of the board, of which the Secretary shall be a member ex officio, appointed by the board at its regular annual meeting. Vacancies in this committee shall be filled by the board. The powers and duties of the committee on membership shall be such as are in these by-laws defined, wih such additional powers and duties as may be conferred from time to time by the board or the executive committee.

Sec. 3. There shall be a committee on nominations, consisting of five members of the board, to be appointed by the board or executive committee in advance of each annual meeting. It shall be the duty of the committee on nominations to present to the annual meeting of the board names for President, Vice-President, Secretary and Treasurer, and members of the executive and membership committees. Vacancies in such committee shall be filled by the board or by the executive committee.

ARTICLE V.

Officers.

Sec. 1. The officers of the association shall be a President, Vice-President, Secretary and Treasurer, each of whom shall be elected by the board at its annual meetings and each of whom shall be a member of the board and hold office for one year, until his successor is appointed.

Sec. 2. The officers shall perform the duties usually pertaining to their respective offices, subject to the supervision and direction of the board and executive committee.

ARTICLE VI.

Seal.

Sec. 1. The seal of the association shall be circular in form, with the name of the association around the circumference thereof, and the word "Seal" and the figures "1910" in the centre thereof.

ARTICLE VII.

Amendments.

Sec. 1. These by-laws may be amended by the board at any regular or special meeting, provided written notice of the proposed amendment has been given to each member of the association at least one week in advance of such meeting, subject to the approval of the Secretary of the Treasury of the United States.

MOST APPROPRIATE

"JOHN D. ROCKEFELLER, Jr.," said a New York banker," asked me one Saturday afternoon a good Biblical text to base an address on.

"'I am thinking,' he said, 'about that beautiful verse from the Twenty-third Psalm—The Lord is my Shepherd, I shall not want.'

"'Beautiful and appropriate,' I agreed. 'But, Rockefeller, there is even a better verse in the same Psalm—Thou anointest my head with oil; my cup runneth over.'"—*Washington Star.*

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

MODERNLY EQUIPPED HOME OF THE FIRST NATIONAL BANK OF FORT WAYNE, INDIANA

Shoaff Building—Home of the First National Bank of Fort Wayne, Ind.

THREE months ago the First National Bank of Fort Wayne, Ind., the sixth largest bank in the Hoosier State, held a housewarming in its new fireproof quarters in the Shoaff building. For eight months past the rooms now occupied by the bank were in the hands of the Library Bureau of Chicago and the Mosler Safe Company of Hamilton, Ohio. What these firms were able to accomplish in the way of equipping and furnishing the First National's home may be seen in the accompanying illustrations.

The bank has a frontage of eighty-five feet on Berry street, facing Fort Wayne's million-dollar court house, and extends down Calhoun street for twenty feet; where the tellers' cages face the lobby, the room widens to forty feet. A one-story extension, twenty by ninety feet, adjoins the main building at the rear. This well-lighted space is given over to the clerical force and is equipped with lockers, bicycle rooms, a shower bath and toilet.

The main banking room is finished in Sienna Italian marble, the side walls wains-

Main Banking Room

Officers' Quarters

THE FIRST NATIONAL BANK OF FORT WAYNE, INDIANA

Public Room adjoining the Lobby

A Portion of the Ladies' Department

THE FIRST NATIONAL BANK OF FORT WAYNE, INDIANA

coted and paneled in Bassville marble taken from French quarries. Ceiling decorations maintain an ivory tone throughout, and are paneled, each panel containing a cluster of six electric lights, while on the sides are brackets with three-light arms, each carrying an eight-inch globe.

Fixtures are mainly of solid bronze. The cage fronts are of steel, with bronze plating, while the grille work, the heavy doors, etc., are of steel with a triple plating of bronze. The vestibule and other doors are of solid bronze, with heavy plate glass. Above the lobby entrance from the main building is a Western Union clock with white marble dial and bronze numerals.

All the furniture in the working departments of the bank is of steel fireproof construction, with mahogany tops. Check desks of marble with glass tops are provided for the use of the bank's patrons. Customers who enter the bank, whether through the Calhoun street entrance or the Berry street doors, must pass the space reserved for the officers' desks. They are placed at the west end of the lobby and are enclosed with a handsome rail of Sienna marble. Some distance away, in a compartment adjoining the tellers' cages, the cashier has his desk. This arrangement of the officers has proved to be most satisfactory.

Down at the other end of the lobby a commodious room, supplied with table, stationery, telephone and comfortable chairs, is at the disposal of those who have business to transact.

J. H. BASS
President First National Bank, Fort Wayne, Ind

On the eastern side of the room is the ladies' department. It consists of a waiting room, furnished with restful chairs, desk and stationery, telephone connection and lavatory.

The bank has provided a woman's teller for this department, so that lady patrons may transact their business in private and in comfort.

The Basement.

At the foot of the main stairway leading to the basement, is the directors' meeting room. This room, eighteen by twenty feet, is finished in brown oak, has paneled walls and beamed ceiling, is wainscoted and fur-

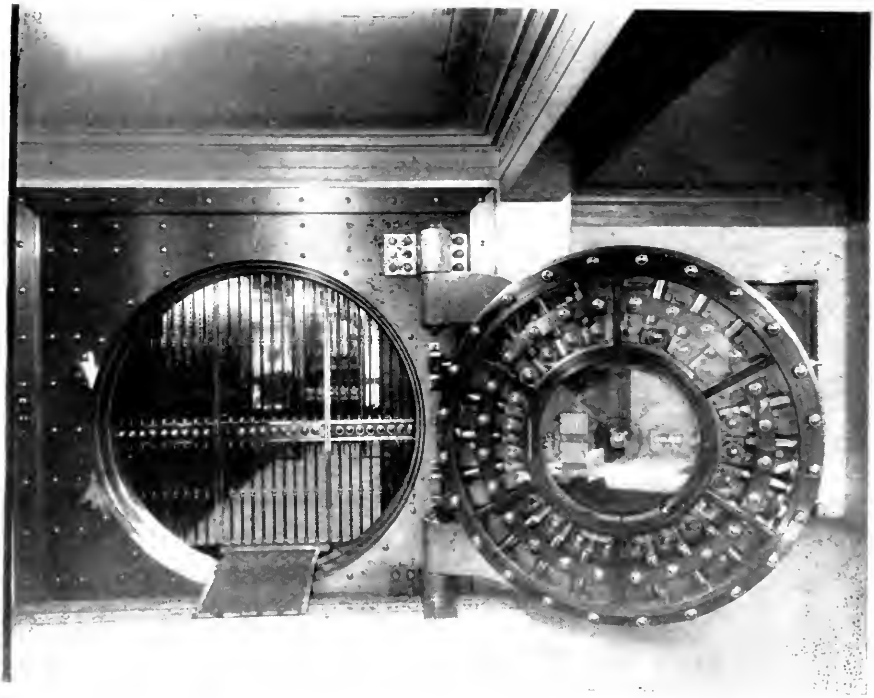
C. H. WORDEN
First Vice-President and Executive Officer

H. A. KEPLINGER
Second Vice-President

H. R. FREEMAN
Cashier

J. H. ORR
Assistant Cashier

THE FIRST NATIONAL BANK OF FORT WAYNE, IND.



Safe Deposit Vault and Door

Custodian's Room with Coupon Booths

THE FIRST NATIONAL BANK OF FORT WAYNE, INDIANA

Interior of the Safe Deposit Vault showing various sized boxes

nished with brown oak furniture, and upholstered in Spanish leather. The basement and halls therein have the white ceramic tile floors, white marble trimmings, prismatic ceiling lights, and great chandeliers of electric lights.

The great vaults are the newest and largest in Fort Wayne.

In addition to the big safety deposit vault there are three others—one for surplus books, one for stationery and a third for

A Corner of the Storage Vault

storage of large valuable packages, such as silverware, furs, etc.

Eight tellers' chests, four silver chests, two chests for collateral securities and valuable records, and two reserve chests with inside burglar compartments, provide the protection in the small vault for the bank's large cash assets.

The stationery vault, nine by eleven feet, and book vault, twelve by eighteen feet, both finished with tile floors laid over concrete and steel shelving, care for the books and supplies. A storage vault of concrete and steel, lined with white enamel brick for the storage of trunks, furs, silverware, etc., and equipped with steel shelving and steel chests with combination locks for

Door and Entrance to the Trunk Storage Vault

smaller packages of silverware, etc., completes the equipment of this vault.

The immense safety deposit vault is fitted with a round door six and one-half feet in diameter that weighs nineteen tons. It is finished in brushed bronze and is operated by quadruple timers and a double combination. It closes into a steel vestibule, embedded in concrete. The vault walls are constructed of reinforced concrete and are lined with three-inch chrome steel plates.

An emergency door two feet in diameter, weighing three tons, is fitted into the rear end of the vault. This door has the same locking mechanism as the big door and is there for the purpose of providing against a lockout should the large door fail to open on time. In this vault of steel and con-

crete there are 1,500 safe deposit boxes of various sizes, finished in gun metal with bronze locks and numbers. Fourteen electric bulbs set in the polished steel ceiling of the vault furnish the light required—the floor covering of vitrified cork completes the equipment.

The customers' room is finished in green with mahogany furniture. Here are eight coupon booths, finished in mahogany and equipped with Corbin type locks. When a customer leaves the booth it locks automatically, and cannot be opened until the custodian makes an examination to ascertain that the preceding customer has not left valuable papers or other property there by mistake.

But the feature of all this equipment for public use, is a large committee room, with table and chairs of English oak, to be used by corporations, business men, or other organizations as a convenient place for the transaction of business. It can be reached by elevator without entering the banking rooms on the main floor and is a convenience that is sure to be appreciated.

Historical.

The First National Bank was organized in 1863, obtaining charter number eleven, which number has just been reassigned to it by the Comptroller of the Currency, and is now the largest bank in Fort Wayne, the sixth in size in the State of Indiana. The favorable comments received by the bank from visitors have already convinced its management that the public appreciates the beauty and artistic equipment of the bank's new home.

The First National Bank of Fort Wayne, Ind., has a capital and surplus of $700,000, deposits of $3,650,000, and assets that approximate $5,000,000.

Those who constitute the present official staff are: J. H. Bass, president; C. H. Worden, first vice-president; H. A. Keplinger, second vice-president; H. R. Freeman, cashier; J. H. Orr, assistant cashier. The directorate is exceptionally strong and is made up as follows:

J. H. Bass, president Bass Foundry and Machine Company; M. B. Fisher, wholesale paper; S. S. Fisher, wholesale paper; W. A. Fleming, treasurer Berghoff Brewing Company; Herman Freiburger, wholesale leather; Wm. Geake, contractor; F. S. Hunting, treasurer Fort Wayne Electric Works; F. E. Hoffman, vice-president and treasurer the Hoffman Bros. Co., hardwood lumber; J. H. Jacobs, retired; J. B. McKim, superintendent Pennsylvania Company; H. J. Miller, secretary Hartford City Paper Mills; W. L. Moellering, secretary and manager of the Home Telephone and Telegraph Company of Fort Wayne; B. P. Mossman, wholesale iron, steel and heavy hardware; R. L. Romy, real estate; A. B. Trentman, manager Wayne Paper Mills; Judge W. J. Vesey, Vesey & Vesey, lawyers; E. F. Yarnelle, wholesale iron, steel and heavy hardware; J. W. White, manufacturer; Edward White, president White Fruit House; C. A. Wilding, president Tri-State Loan and Trust Company; C. H. Worden, vice-president and executive officer.

Emergency Door fitted into Rear of the Safe Deposit Vault

THE IRONBOUND TRUST COMPANY OF NEWARK, NEW JERSEY

PHOTO BY R. F. HARRIS, NEWARK SUNDAY CALL

New Home of the Ironbound Trust Company of Newark, N. J.

A LITTLE over three years ago a number of Newark, New Jersey's, prominent citizens got together and organized the Ironbound Trust Company. True to its name, supported and strengthened by a staff of experienced officers, the company has prospered and grown to its present satisfying proportions.

Last September the first steps were taken towards the erection of the new, modernly appointed building which stands at the corner of Market and Ferry streets.

At the outset the architects, Messrs. John H. and W. C. Ely, were confronted with this difficulty: The intersection of Market and Ferry streets forms an acute angle, thereby narrowing the front of the corner lot to about sixteen feet, while the greatest width is sixty-two feet. By designing a single-story building of the flat-iron type, after the Renaissance style, they have secured splendid results.

Flanking the main entrance there are two graceful columns of white marble and the wall lines on Market and Ferry streets are diversified and strengthened by pilasters treated in the same style. Great tall windows break the whiteness of these same walls.

Interior Arrangements.

A large skylight illuminates the whole interior of the banking room, which with its lofty ceiling, its trimmings of green marble, bronze and mahogany, makes a pleasing impression on all beholders.

To the left of the entrance the officers' quarters will be found, accessible to the public and to the working force of the bank. To the right there is an alcove set apart for the lady patrons, of which there are quite a few.

At the rear end of the building, on the Market street side, is the directors' room. It is richly furnished in mahogany and has the customary table and chairs. Approximately $50,000 has been expended on the new building of the Ironbound Trust Company of Newark.

Safe Deposit Vaults.

A staircase leads to the safe deposit vaults and other rooms in the basement. The central feature is the large safe and safe deposit vault. Its front wall of solid steel is ten inches thick. The great door, circular in shape, seven and a half feet in diameter and seventeen inches thick

weighs fourteen tons; but so cleverly is it hung that it can be moved by the pressure of the finger. It is an interesting piece of mechanism, with a three-movement time lock of delicate construction and its twenty-four bolts—each three inches in diameter—around the door's circumference and with the cogs and gearing to operate these

J. H. BACHELLER

President Ironbound Trust Company of Newark, N. J.

devices. The cost of the safe deposit vaults is in the neighborhood of $15,000.

The vault was built by the Mosler Safe Company of New York, after designs by the Hollar Company of Philadelphia. It runs back sixteen feet. The flooring has a base of one and one-half feet of concrete over which in turn are laid steel rails and more concrete and steel flooring. The vault is lined with safe deposit boxes of various sizes, there being capacity for a thousand of these. Besides this provision for the needs of the public the interior portion of the vault contains the large compartment safes of the bank, there being capacity for twelve of these.

On the north side of the vault is the storage vault for silverware and other valuables. It measures twelve by seventeen feet. To the south of the safe is the book or record vault, which measures eight by twelve feet. At the southwest corner the elevator for transmission of money and records is located. In the basement also are the coupon booths, toilets and a shower bath for the clerks of the institution.

Growth and Organization.

As evidence of the prosperity that has been one of the chief assets of this company from its organization up to the present time, the following statement as of June 30, is appended: Resources—bonds, $386,496.85; demand loans upon collaterals, $391,566.67; time loans upon collaterals, $14,000; bonds and mortgages, $217,167.60; loans to cities and towns, $555,000; notes and bills purchased, $427,429.75; cash reserve in banks, $257,651.85; cash on hand, $49,411.23; real estate, $106,860.82; other assets, $9,871.34; total assets, $2,415,456.11. Liabilities—capital stock, $200,000; surplus fund, $100,000; undivided profits, $72,206.74; deposits, $2,039,749.69; treasurer's checks, $1,028.19;

A. V. HAMBURG
Vice-President

THEO. S. MILLER
Vice-President

RUFUS KEISLER, JR.
Secretary and Treasurer

F. D. MacFADDEN
Assistant Secretary and Assistant Treasurer

Main Banking Room showing Stairway leading to Vaults in Basement

Directors' Meeting Room

PHOTOS BY OLIVER LIPPINCOTT, N. Y.

other liabilities, $2,471.49; total liabilities, $2,415,456.11.

PERSONNEL.

J. H. Bacheller, the president, was born in Newark, N. J., in 1869. He left the high school of that city in 1885 to accept a position with the New York Life Insurance Company. Since 1890 Mr. Bacheller has been connected with the estate of A. L. Dennis and has charge of its real estate. He has been prominent in politics in New Jersey and has served as alderman, assemblyman, and state senator from Essex County. At the present time he holds the responsible position of comptroller of Newark, an office he has filled since January, 1905. When the Ironbound Trust Company was organized, Mr. Bacheller was made vice-president; he has been president since January, 1908.

Augustus V. Hamburg, vice-president and one of the organizers of the Ironbound Trust Company, was born in St. Louis, July 4, 1858, but has resided in Newark the greater part of his life. He began his business career as a clerk with a dry goods firm located at 23 Ferry street, two hundred feet from where the Ironbound Trust Company now stands. He later accepted a position with a wholesale notion house, remained some time, and then filled an important position with a New York importing house. Five years later he resigned to go into business for himself. For the past fifteen years Mr. Hamburg has been president of the Hamburg Button Company. He is an active member of the Newark Board of Trade, has held the chairmanship of the committee on Trade and Commerce and is at present one of the directors.

Theodore S. Miller, vice-president and one of the organizers of the company was born in 1863, and received his education in the public schools and St. Benedict's College. His first position was with Miller & Ober, shoe manufacturers, where he learned the business thoroughly. Associating himself with John Reilly, manufacturer of patent and enameled leathers, he advanced rapidly from the position of salesman to office manager, secretary, treasurer and secretary, and finally to president his present connection. Mr. Miller is a member of the Board of Trade in Newark and claims a large acquaintance among the city's business men.

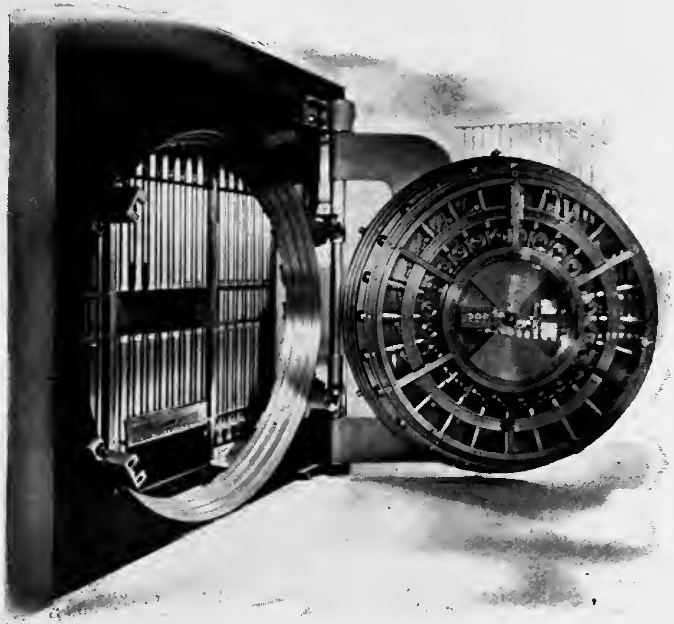


PHOTO BY R. F. HARRIS, NEWARK SUNDAY CALL

Front of Massive Armor-Plate Vault

Rufus Keisler, Jr., the secretary and treasurer, has been with the company since 1907, coming from the Fidelity Trust Company of Newark, N. J., to accept the position which he now holds.

F. D. MacFadden, assistant secretary and assistant treasurer, came to the Ironbound Trust Company in 1907 from the Panama Banking Company, to accept the position of paying teller. At a recent meeting of the board of directors of the company, he was appointed assistant secretary and assistant treasurer.

HANDSOME HOME OF THE AMERICAN TRUST COMPANY OF CHARLOTTE, N. C.

DESIGNED AND EXECUTED BY HOGGSON BROS., BANK SPECIALISTS OF NEW YORK

American Trust Company Building, Charlotte, N. C.

THE new banking home recently completed for the American Trust Company, of Charlotte, N. C., picture of which appears above, in arrangement of space, convenience for the handling of the bank's business, for provision for customers, and in general attractiveness, presents what is undoubtedly one of the most complete and effective bank buildings in the country.

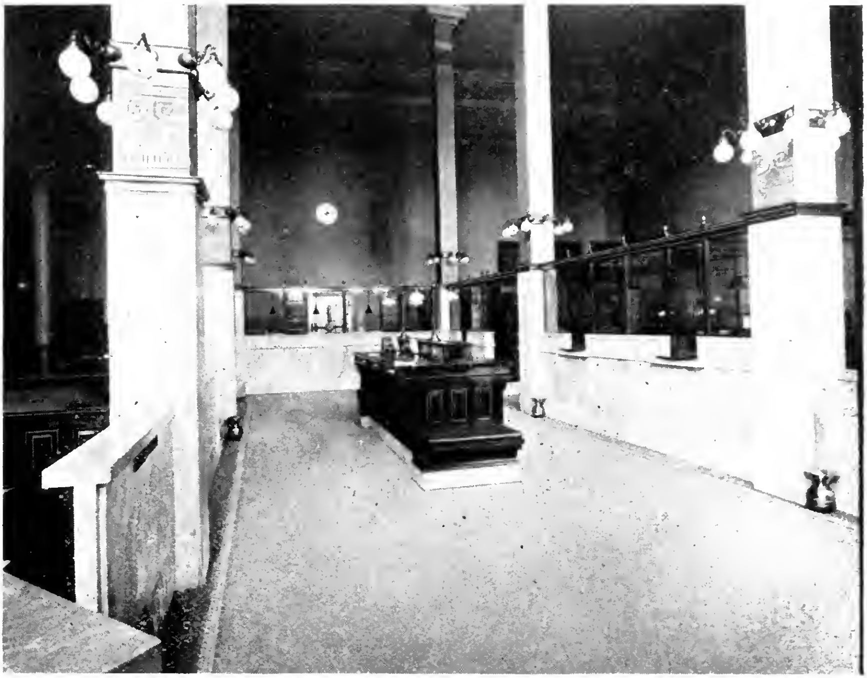
The front, built in classic style is of terra cotta, in imitation of granite, and the effect is so close that few can realize that it is not the original stone.

The rooms above the bank being devoted to offices, the problem was to make the effect of a bank predominant, and the architect has well succeeded in this, placing the entrance to the offices on the left, and giving to the bank's customers the large central entrance to its public foyer.

The interior arrangement of the bank is in the shape of a hollow square, the working force being placed around the public space and the officers behind low rails in front, convenient to approach, and each furnished with spacious, well lighted and attractive individual offices.

The counter is of marble and bronze, the marble being carried up on the columns to the height of the screen—seven feet six inches.

In addition to its banking business proper, the trust company carries on a trust department, insurance department and a real estate department, the managers and assistants of which find ample room and convenient working space in the main room of this institution. In the rear a safe deposit department is provided for the use of customers, with large vaults on the first floor,



Public Space

Officers Quarters

and vaults in the basement for storage of trunks, silver and packages of less value.

Rooms are provided for large committee meetings, as well as coupon rooms for individuals, and the large directors' room is furnished attractively and comfortably, for use of directors' and large corporation meetings.

GEO. STEPHENS
President American Trust Company Charlotte, N. C.

Supply rooms and rooms for checking up, where the clerks will not be disturbed, are also provided, and every facility for an up-to-date bank has been furnished.

The second and third floors are utilized for offices, accessible by elevator in front hall entrance. These offices are well lighted and ventilated, and are among the most attractive in town.

The decorations throughout the building are in keeping with its quiet, businesslike dignity, and the whole building comports favorably with the institution that it houses.

The entire work was executed by Hoggson, bank specialists of New York, under one contract and upon its completion they turned over to the bank not only the completed building, equipped ready for business, but also a refund of over four per cent. upon the amount of the contract.

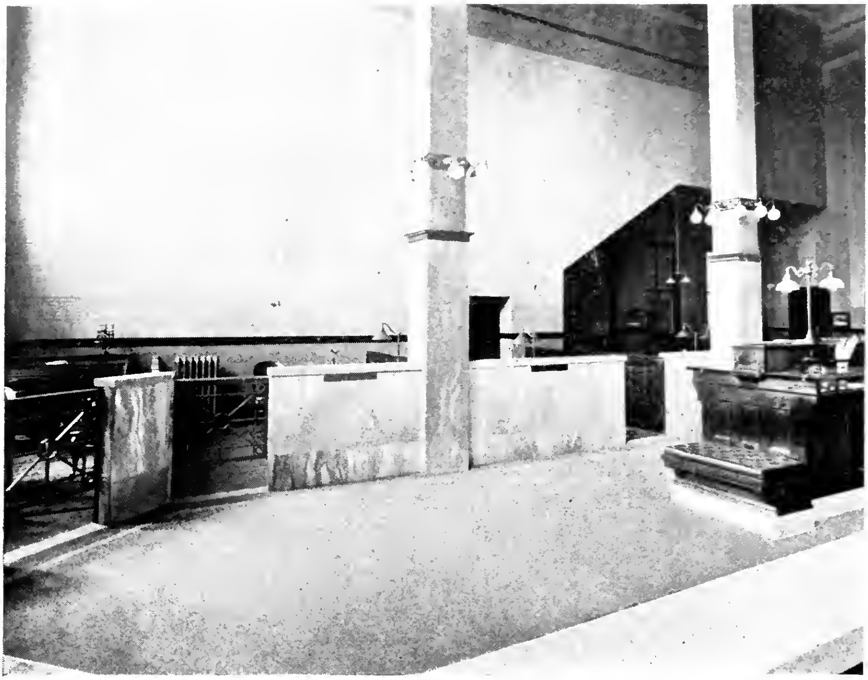
The Hoggson building method under which this bank was built guarantees that the ultimate cost to the bank shall come within its appropriation, it also guarantees the limit of profit to Hoggson Brothers and under this contract the American Trust Company received its completed work for over four per cent. less than it had agreed to pay.

The American Trust Company of Charlotte, N. C., began business July 15, 1901, with a paid-in capital of $50,000. Although the second youngest banking institution in Charlotte, its growth has been very gratifying, all due to the efforts of a splendidly equipped executive staff backed by a strong directorate, representing diversified business interests of the city and state.

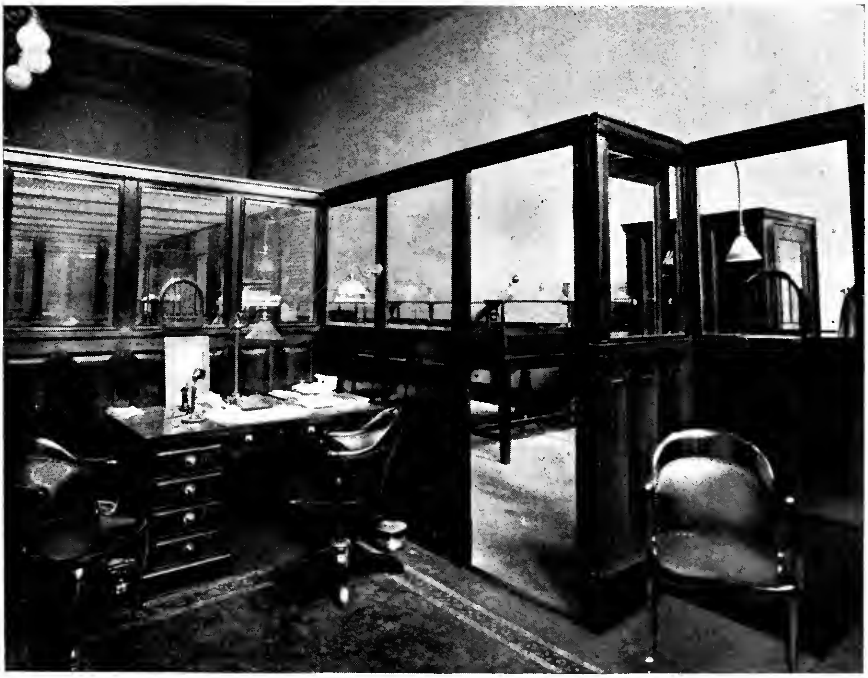
Six months after the opening the directors voted an additional $50,000 of capital stock; this sufficed for one year when it was increased to $200,000. Again, after the lapse of three years, the amount of capitalization was brought up to $350,000, where it stands to-day.

W. H. WOOD
Secretary and Treasurer American Trust Company, Charlotte, N. C.

When the bank reports were published after the official call of June 30, 1910, it was found that the American Trust, with its $1,079,943.35 of deposits, led all the other Charlotte banks. The company carries loans of $1,448,781.80, has undivided profits of $151,612.39, and total resources of $1,746,555.74. Those who constitute the official staff are: George Stephens, president; T. S. Franklin and W. S. Lee, vice-presidents; W. H. Wood, secretary and treasurer; J. E. Davis, assistant secretary and treasurer.



Another View of the Main Banking Room



President's Room

TWENTY-ONE YEARS OF BANKING SUCCESS

IN October next, the Kings County Trust Company of Brooklyn will have completed the twenty-first year of its corporate existence.

Organized at a time when there was a genuine need of such an institution, it has prospered accordingly and to-day owns and occupies a well appointed home in Court square and Fulton street, Brooklyn.

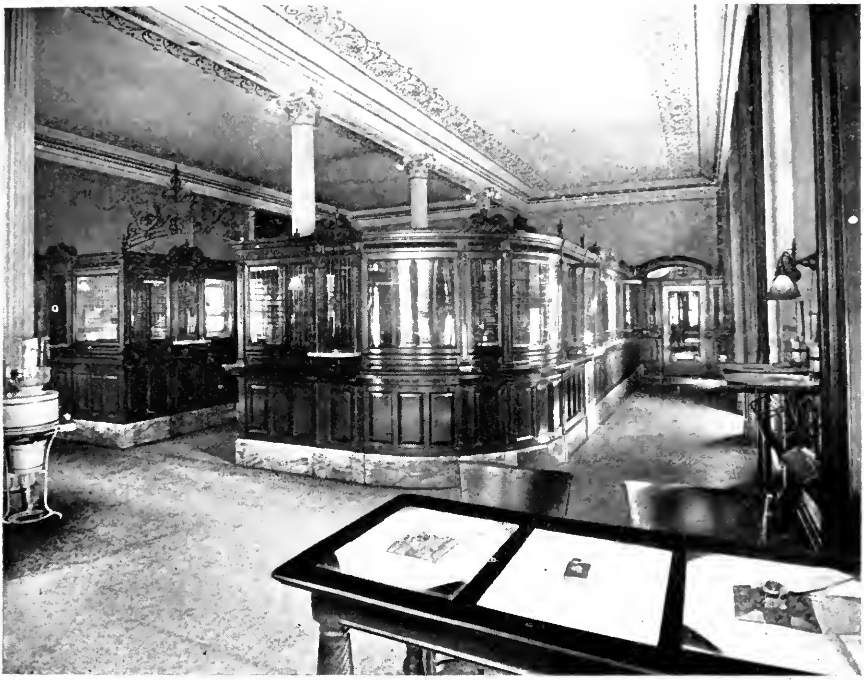
The company was first located in the Arbuckle building, 371 Fulton street. Here it remained until 1893, when the increased volume of business handled made the acquisition of larger quarters a necessity. Extensive alterations were made in the banking rooms in 1899, changing the character of the interior entirely. All the departments, including a massive fire and burglar proof vault, are now thoroughly up-to-date.

But two presidents have held office since the organization of this progressive company. Joseph C. Hendrix, the first executive, resigned in May, 1893, to become president of the National Union Bank of New York. He was succeeded by Julian D. Fairchild, who has officiated during the last seventeen years.

Mr. Fairchild is one of the advocates of a central bank and his speeches and papers on that question have been widely quoted.

He was educated in the public schools of Connecticut, and has been honored with election to the directorate of many prominent corporations. He is president of the Union Ferry Company, vice-president and director of the Mortgage Bond Company, and a director of the Lawyers' Title Insurance & Trust Company, the Metropolitan Casualty Company, the Nassau Fire Insurance Company, Pacific Fire Insurance Company, the New York & Queens Electric Light & Power Company, the East River Savings Bank and the Eagle Warehouse & Storage Company. Mr. Fairchild is also president of the Brooklyn Central Dispensary, a regent of the Long Island College Hospital and a trustee of the Brooklyn Institute of Arts & Sciences.

JULIAN D. FAIRCHILD
President Kings County Trust Company of Brooklyn



Interior of Banking Room

PHOTOS BY OLIVER LIPPINCOTT, N. Y.

President and Directors' Meeting Room

KINGS COUNTY TRUST COMPANY OF BROOKLYN

In 1894 he was offered, but did not accept, the Democratic nomination for mayor of Brooklyn, and in 1896 declined the Democratic nomination for comptroller of Greater New York. The mayor of New York appointed him as one of the commissioners from Brooklyn for the erection of the new East River bridge, and he was made treasurer of the commission. He is a member of the Chamber of Commerce and is also greatly interested in philanthropic work.

William Harkness, vice-president, is president of the Nassau Fire Insurance Company.

D. W. McWilliams, vice-president, is a former treasurer of the Interborough Rapid Transit Company.

Julian P. Fairchild, vice-president, is a son of the president. He is a director of the Security Safe Deposit Company of Brooklyn.

The remaining officers are: Thomas Blake, secretary; William J. Wason, Jr., assistant secretary; J. Norman Carpenter, trust officer; George V. Brower, counsel.

The trustees are: John Arbuckle, A. Abraham, Walter E. Bedell, George V. Brower, Robert A. Drysdale, Roswell Eldridge, Julian D. Fairchild, Julian P. Fairchild, Joseph P. Grace, William Harkness, Joseph Huber, H. K. Knapp, Whitman W. Kenyon, Joseph Liebmann, D. W. McWilliams, John McNamee, Cord Meyer, Henry A. Meyer, Charles A. O'Donohue, Chas. E. Perkins, Dick S. Ramsay, H. B. Scharmann, W. M. Van Anden, John J. Williams.

One year after the commencement of business the company declared its first dividend of three per cent.; up to the present time the stockholders have received in dividends $977,500.

Entrance to the Safe Deposit Vault

As an evidence of the steady, uninterrupted growth which the company has experienced during the twenty-one years it has operated, the following table of deposits, as reported on successive dates, is appended:

Dec. 31, 1892	$3,602,415
Jan. 1, 1900	6,832,065
July 2, 1900	8,011,721
Jan. 1, 1901	8,619,924
July 1, 1902	8,772,341
July 1, 1903	9,366,663
July 1, 1904	10,213,639
July 1, 1905	10,433,272
July 2, 1906	12,084,832
Jan. 1, 1907	12,702,269
Jan. 1, 1909	13,865,297
July 1, 1910	16,185,010

On June 30, 1910, the company reported a surplus of $1,500,000, a capital of $500,-

000, undivided profits of $552,147 and deposits of $16,185,010.

The history of the Kings County Trust Company for the last twenty years would be incomplete without some reference to the financial disturbances during that period.

In the panic of 1893 a number of banks and stock exchange houses failed, and besides these, there were about fifteen thousand commercial failures. The situation was one of general depression and disaster. The year 1896 was a period of uncertainty and anxiety.

The savings banks were drawn upon very heavily for a time, but notwithstanding this, no savings bank or trust company in New York suffered from any cause a loss sufficient to require it to be closed.

During the year 1893, the Kings County Trust Company paid out $30,000 in dividends, besides adding $82,450 to surplus and undivided profits. In 1896, $40,000 was paid out in dividends and $72,568 added to surplus and undivided profits.

The panic of 1907 is fresh in the memory of all. It will not easily be forgotten. Enough to say that the Kings County Trust Company came out of the financial storm stronger than ever. In that year it paid out $60,000 in dividends and added $90,390 to undivided profits.

BOOK REVIEWS

How to Read Character in Handwriting. By Mary H. Booth. Price in boards, 35 cents postpaid; author's autograph edition, in limp leather binding, $1.00, postpaid. The Philadelphia Reference Library, 3730 North Sydenham street, Philadelphia, Pa.

One does not need to be a devotee of the autograph fad to appreciate and enjoy this clever little book prepared by Miss Mary H. Booth. Since the earliest days science has recognized the fact that handwriting is an index of character and placed reliance on deductions from it. Criminals have been punished and men set free on the strength of a scrap of handwriting. Scattered throughout its sixty odd pages are the facsimile autographs of famous men and women, living and dead, with an illuminating analysis of their several peculiarities of temperament and character. The book is described as "a guide for the beginner and student in graphology," but it is more than that, for it contains a message for the business man, the lawyer, the student, the banker and the collector of autographs.

Who's Who in America—1910-1911. A. N. Marquis & Co., Chicago. (Price, $5.00, net.)

This biographical dictionary of notable living men and women of the United States makes the sixth edition of this pretentious work. It contains 2,468 pages and 17,546 names and sketches, 2,831 of which appeared in no previous edition. The geographical index is a feature which adds greatly to the usefulness of the volume. It groups by states, cities and post-office address all names, making it easy to find quickly the names for any particular place or locality.

American Street Railway Investments. McGraw Publishing Company, New York. Price, $5.

The 1910 edition of American Street Railway Investments, contains more statistics and information concerning the financial and traffic results of operation of electric railways than any previous issue.

An editorial introduction to the new edition discusses the importance, both to the companies and the public, of publicity of financial operations. A compilation of the gross revenues of ten large companies and of twenty smaller properties, made in order to indicate how well urban railways sustained their gross earning power after the panic of October, 1907, reveals interesting results. Gross earnings of the ten large companies in 1909 showed a gain of 27.9 per cent. over 1905. The companies whose totals are included in this compilation are located in Boston, Brooklyn, Chicago, Detroit, New York, Philadelphia, Pittsburgh, Minneapolis, St. Louis and Baltimore.

The twenty smaller properties gained in gross revenue in 1909, as compared with 1905, 30.8 per cent. These companies are located in Birmingham, Ala,; Washington, D. C.; Cincinnati, O.; Columbus, O.; Denver, Colo.; Atlanta, Ga.; Grand Rapids, Mich.; Houston, Tex.; Indianapolis, Ind.; Knoxville, Tenn.; Louisville, Ky.; Malwaukee, Wis.; Mobile, Ala.; New Orleans, La.; Schenectady, N. Y.; Scranton, Pa.; Toledo, O.; Albany, N. Y.; Reading, Pa., and Worcester, Mass.

Supplementing the information in previous issues, the 1910 edition furnishes financial statements in greater detail, giving statistics that permit additional analysis of the actual results obtained.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Directors of the Fourth National Bank of New York have promoted James G. Cannon to the presidency as the successor to J. Edward Simmons, who died early in August. No one was elected to fill the place of Mr. Simmons on the directorate or to succeed Mr. Cannon as vice-president.

It was generally understood that Mr. Simmons was to have retired from the presidency next January and become chairman of the board, and the common report was that Mr. Cannon was to take his place.

The new president was educated in the New York schools and went into the banking business in 1876 as a messenger with the Fifth Avenue Bank. A few years later he was made paying teller, then assistant cashier and later cashier of this institution. In 1890 he was elected a vice-president of the Fourth National.

Mr. Cannon is best known among bankers for his work in making systematic the credit department of banks. He is considered a high authority on clearing houses in this country and his book on "Clearing Houses" has an established reputation. He was one of the organizers and a president of the National Association of Credit Men, and it was he who introduced the system of requiring merchants to supply statements of their financial condition when they wanted to negotiate loans. As chairman of the committee on finance and currency of the chamber of commerce he has presented a number of reports that have attracted attention. Mr. Cannon is a director of the Fifth Avenue Bank, the Trow Directory Company, the Bankers Trust Company, the Franklin Savings Bank, the United States Mortgage & Trust Company, the United States Guarantee Company and is president and trustee of the Hahnemann Hospital. He was born in 1858.

—At a meeting of the directors of the Chatham National, held August 12, President George M. Hard resigned and was elected chairman of the board, the office which was created for him. Louis G. Kaufman, president of the First National of Marquette, Mich., was chosen to take Mr. Hard's place. The new head of the bank has been in the banking business for eighteen years and has been president of the Michigan Bankers' Association. He is now a member of the executive council of the American Bankers' Association, and is well and favorably known to bankers all over the country.

Mr. Hard has been associated with the Chatham bank for fifty years and it has been understood for some time that he wished to have his duties lightened. The other officers remain the same. Mr. Hard is also

a director of the North River Steamboat Company, the Anglo-American Savings and Loan Association, the New York Theatre Company, the Union Dime Savings Institution and is treasuer of the General Electric Inspection Company. Mr. Hard sent a circular letter to the stockholders saying he wished to be relieved of his burden and speaking cordially of Mr. Kaufman.

—Losses incurred through improvident loans that proved uncollectible, caused the closing of the European-American Bank at Greenwich and Dey streets. It was organized in 1907 and had a capital of $100,000, and a book surplus June 30, 1910, of only $20,800. The deposits amounted to $201,000. Liquidation will be prompt.

—For June 30 the Fidelity & Casualty Company of New York reports total resources of $9,607,864.46, a reserve for unearned premiums of $3,014,292.44 and a surplus to policyholers of $3,378,053.64. This last item is made up of the $1,000,000 capital and net surplus of $2,378,053.64. The last issue of the monthly bulletin published by the Fidelity & Casualty Co., maintains the high standard it has always kept. There are bright, newsy paragraphs on every page and a cut of Governor Hughes adorns the cover page.

—Still another branch bank is to be established by the Corn Exchange Bank—this one, the ninth, to be known as the Plaza branch, and will be situated on the plaza of the Queensboro Bridge, in Long Island City. The contract for construction of the building, which has been let, calls for the expenditure of $38,000. The Greenpoint branch of the bank is now installed in the old Seventeenth Ward branch of the Union Bank.

—Clyde H. Folsom and Samuel G. Adams, who were formerly connected with Fisk and Robinson, and Robert C. Rathbone as a special partner have formed a co-partnership under the firm name of Folsom & Adams for the transaction of a general banking and investment business with offices at 45 Wall Street. The new firm will make a specialty of government bonds.

Clyde H. Folsom is a native of Oakland, Maine. He attended school in Portland and embarked in business with his

Clyde H. Folsom

father. Finding his father's business uncongenial he secured a position in a minor capacity with the Lancaster National Bank of Lancaster, N. H. He remained with this institution for three years, at the end of which time he accepted a position in Boston. After a brief association with the Provident Institution for Savings on Temple place, Boston, Mr. Folsom came to New York to travel for the firm of Fisk and Robinson, very shortly after the or-

ganization of that house. From July 1, 1902, to February 1 of this year he had charge of their government bond department, and therefore his knowledge of that market is based on good, ripe experience.

Samuel G. Adams is a New Yorker by

Samuel G. Adams

birth. He began his business career with the Fifth Avenue Bank of New York in 1895 and during the period of his association with this institution filled positions of trust and responsbility in every department. In April, 1901, he became connected with Messrs. Fisk & Robinson and shortly thereafter was placed in charge of the clerical force in their bond department. This position he held until August, 1907, at which time he was appointed manager of the office.

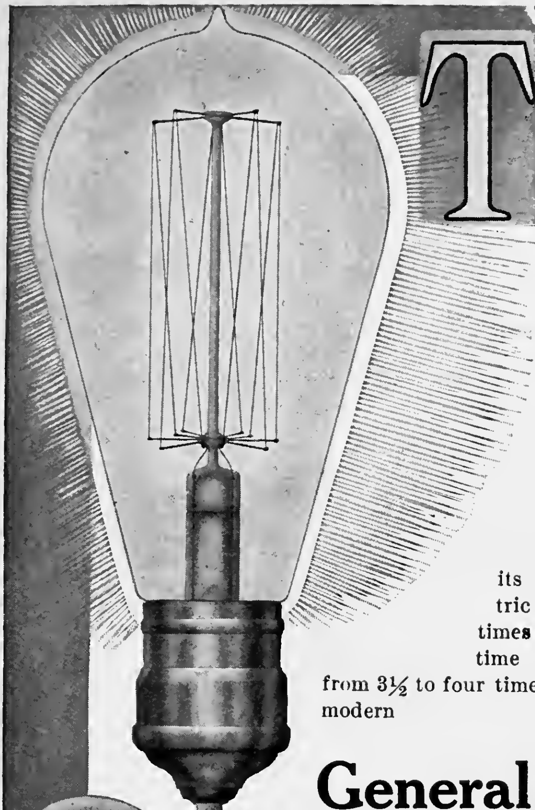
Robert C. Rathbone, 2nd, comes from an old New York family. His great grandfather, James W. Bleeker, was president of the New York Stock Exchange from 1827 to 1829 and his grandfather, Robert C. Rathbone, founded the insurance house of R. C. Rathbone & Son, of which Mr. Rathbone is now a partner. He is a graduate of the law school of Harvard University and a member of the New York Bar. For several years he was associated with the law firm of Philbin, Beekman & Menken, in New York City, and since 1904 has largely devoted his time to his insurance interests, making a specialty of that branch of the law. Mr. Rathbone is a director and one of the managers of the Assurance Company of America and a director of several other corporations; he is also a member of the Down Town Association and the Harvard Club of New York.

—The National Negro Bankers' Association held a meeting August 16, at Metropolitan Hall.

Rev. Dr. W. R. Pettiford, president of the Alabama Penny Savings Bank of Birmingham, who presided, said that the great fight of negro banks throughout the country was to teach the negroes to aggregate capital, so that property purchases could be secured.

Dr. Pettiford said that at the present time there were about fifty-seven negro banks throughout the country, of which forty were members of the association.

—Ralph Jonas has been elected to the directorate of the Citizens Trust Company of Brooklyn, to succeed H. B. Rosenson.



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In these days of high prices—when everything seems to cost a little more today than it did yesterday—it is a relief to note that the cost of electric lighting is steadily decreasing.

It is a remarkable fact that every improvement in incandescent electric lighting since Edison's invention has decreased its cost. Twenty-five years ago electric lighting cost from eight to nine times as much as it does now. At that time a 20 candle-power bulb required from 3½ to four times as much current per hour as the modern

General Electric Mazda Lamp

and the electricity cost to the consumer was 2½ times as much per kilowatt.

Much of the improvement is due to the invention and marketing of more efficient lamps by the General Electric Company.

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The "Dawn of a New Era in Lighting," a 22-page booklet, illustrated by three dozen halftones and drawings, and containing information of decided interest to all bank presidents and executives, will be forwarded upon request.

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Mr. Jonas is a brother of Nathan S. Jonas, president of the company.

—William E. Wheelock, president of the Weber Piano Company, treasurer of the Aeolian Company and affiliated with other like interests, has been elected a trustee of the Nassau Trust Company of Brooklyn Borough. Mr. Wheelock's father, A. D. Wheelock, was the first president of the trust company.

NEW ENGLAND STATES

—After an existence of fifty years, the Richmond National of Richmond, Me., one of the oldest banks in the state, has decided to close its doors owing to a falling off in business. The institution will go into liquidation and the capital and surplus, the latter item amounting to $22,000, will be divided among the holders of 906 shares.

—C. B. Wiggin has been elected vice-president of the Brookline National Bank of Brookline, Mass. Mr. Wiggin was formerly assistant auditor of the Old Colony Trust Co. of Boston.

—The Boulevard Trust Company of Brookline, Mass., has just been organized and will open banking quarters near Coolidge Corner in the near future. Frank A. Russell of Brookline was elected president; William A. McKenney, also of Brookline, vice-president. The following named directors were chosen: Everett C. Benton, James M. Codman, Jr., William Craig, Jonathan L. Dexter, Guy A. Ham, James D. Henderson, William A. McKenney, Albert L. Lincoln, Justin L. Morse, Jacob W. Pierce, Frank A. Russell, Charles H. Stearns, James P. Stearns, A. W. Chesterton and C. L. Ayling

—A splendidly balanced report, expressing strength in every figure, comes to us from the Connecticut Savings Bank of New Haven. This old New England institution carries $4,874,350 of loans and discounts, has surplus and undivided profits of $862,175, and deposits of $12,011,858. It reports total resources of $12,874,033.

EASTERN STATES

—For the purpose of increasing its capital stock from $750,000 to $1,000,000, the Central National Bank of Philadelphia has called a stockholders' meeting for Sept 14. It is proposed to issue 2,500 new shares (par value $100), of which present shareholders may take one for every three of old now held, payments to be made on or before Oct. 4. In its statement of June 30, the institution reported surplus and profits of $3,172,039 and deposits of $19,555,703. Its officers are: Wm. T. Elliott, president; Wm. Post, cashier, and Wm. Y. Conrad and A. H. Jones, assistant cashiers.

—Stockholders of the West End Savings Bank and Trust Company of Pittsburgh have re-elected the retiring directors, as follows: Robert S. Hemiup, Henry Tranter, Albert Graham, Harry S. Hershberger, Frank B. Nimick, Michael Diebold, William Kossler and Alexander Williamson. The

board will reorganize shortly and will probably re-elect the former officers, as follows: Robert S. Hemiup, president; Harry S. Hershberger, vice-president and treasurer, and George T. Osborn, secretary.

—W. M. Donaldson has become president of the Merchants' National Bank of Harrisburg, Pa., succeeding H. D. Hemler, and J. F. Dapp takes the place of Mr. Donaldson as vice-president.

—Frank Hastings has been elected president of the Second National Bank of Altoona, Pa., to replace the late John P. Levan. Mr. Hastings had been cashier of the bank for a number of years. William H. Allen has become assistant cashier.

—Jacob S. Hackman has been made vice-president of the Manheim National Bank of Manheim, Pa., vice S. S. Brecht.

—G. M. Scott has been elected president of the Peoples' National Bank of Waynesburg, Pa., to succeed E. L. Denney, deceased. Mr. Scott is succeeded as vice-president by S. B. Kent; B. N. Freeland succeeds J. A. Dunn as cashier, and S. C. Brock become assistant cashier.

—The American National Bank of Washington, D. C., at a stockholders' meeting on July 27, increased its capital stock from $500,000 to $600,000. The enlarged capital will become effective Oct. 1 and will be brought about through the issuance of 1,000 new shares of stock (par value $100), to be sold to present shareholders at $150 per share and to outsiders at $160 per share. The institution expects to add $55,000 to its surplus in this way. W. T. Galliher is president of the bank, Colin H. Livingstone and H. R. Warfield, vice-presidents; William Selby, cashier, and A. C. West, J. W. Williams and Edmund S. Wolfe, assistant cashiers. The institution, in its statement for June 30, reported surplus and profits of $197,333 and deposits of $2,449,884.

—The final step in the reorganization of the Commercial & Farmers National of Baltimore was taken when Middendorf-Williams & Co. sent to the bank a check for $180,000 in payment of 1,500 shares of the institution's stock at $120 a share. The capital stock, which was $500,000, was reduced to $350,000 by voluntary surrender of thirty per cent. of stock pro rata. Then the capital was increased again to $500,000 by the sale to Middendorf-Williams & Co. of 1,500 shares of stock, par value $100 a share, at $120 a share. The bank now has $500,000 capital, $100,000 surplus and $1,306,000 deposits, or total resources of $1,906,000.

—The First National of Hoboken, N. J., makes the following statement as of June 30: Loans and discounts, $1,700,455.90; U. S. and other bonds and securities, $1,316,590.34; cash and due from banks, $660,384.10; total resources, $3,890,690.21. The capital is $220,000, surplus and profits $620,460.03, and deposits $2,785,530.18.

—The National Newark Banking Company of Newark, N. J., the oldest bank in the state, has issued a report showing its condition at the close of business July 30, which bears evidence of the continued growth and prosperity of the institution. The items shown are as follows: Loans and discounts, $8,655,149.72; U. S. bonds and other securities, $1,164,000; cash and due from banks, $2,088,402.67; total resources, $11,932,552.39. The capital is $1,000,000, surplus and profits, $1,868,690.01, and deposits $8,571,091.95.

—Frank S. Thomas, for fifteen years an employee of the Alliance Bank, of Rochester, N. Y., was recently elected assistant

cashier of that institution, to fill the vacancy caused by the death of Charles R. Barton.

MIDDLE STATES

—George E. Roberts, formerly president of the Commercial National Bank of Chicago, has resigned as president of the Chicago Clearing House, following his retirement from the banking business. He was elected to the place on the resignation of J. T. Talbert, nearly a year ago. His successor will undoubtedly be L. A. Goddard, president of the State Bank of Chicago, and now vice-president of the clearing house. Mr. Goddard succeeded the late H. A. Haugan in the vice-presidency.

—In two weeks' time, following the merger of the Continental National and Commercial National banks of Chicago, the deposits of the combined institutions had increased $4,000,000.

—The National City Bank of Chicago will move to the Commercial National's old building at Dearborn and Monroe streets, September 1, where it will have twice the amount of space it now has in the Temple building on La Salle street.

—T. A. Fitzsimmons, who was assistant cashier of the Colonial Trust and Savings Bank, of Chicago, is the cashier of the new Michigan Avenue Trust Company, which will be opened about September 15. The capital will be $200,000; surplus, $50,000. A new bank building for the exclusive use of the company will be erected at 2218 Michigan avenue.

—Directors of the Western Trust and Savings Bank of Chicago, have approved a contract by which that institution will take over the business of the Prairie National. The Western Trust is to increase its capital $250,000 to a total of $1,250,000, the new stock to be exchanged share for share for the $250,000 capital of the Prairie National. A meeting of stockholders of the Western Trust has been called for Sept. 8 to authorize the capital increase and as soon as possible thereafter the exchange of stock will be made. The Prairie National will be liquidated.

The purchase of the Prairie National will give the Western Trust deposits of about $10,650,000. On the date of its last report it had $8,745,000 deposits and the Prairie had $1,905,000.

George Woodland, president of the Prairie National, and H. J. Evans, one of the directors, will go on the Western Trust board. Harry R. Moore, vice-president of the Prairie, will be cashier of the Western Trust and William C. Cook, who now holds the position, will be made a vice-president. Other officers and employees of the Prairie National will be taken care of in the Western Trust or in the Prairie State Bank on the West Side.

The Prairie National was organized in 1904 by interests in the Prairie State, part of the capital being supplied through the payment of an extra dividend on Prairie State stock. A considerable amount of the stock of both these institutions has been purchased by the Illinois Life Insurance Company, which also has an important holding in the Western Trust.

Joseph E. Otis, president of the Western Trust, has made excellent progress with that institution since he assumed the management. The bank has a strong and active

board. It was admitted to membership in the clearing-house quite recently.

—The National Stock Yards (Ill.) National recently secured a valuable addition to its executive force by the election as vice-president of Harry L. Jarboe, Jr., president of the Oklahoma State Bank of Chickasa, Okla. During the first six months of the present year the Stock Yards Bank showed a gain of over $300,000 in deposits. T. P. Martin, Jr., will leave the National Stock Yards Bank about September 1 to assume the presidency of a bank which he is organizing at the Oklahoma City Stock Yards. The bank will have a capital of $250,000, all of which has been subscribed. A handsome bank building, fully equipped with safety deposit vaults, has already been completed, and the bank has only been waiting for the further development of the stock yards, which now seems assured. Morris & Co. and other large packers are now constructing extensive plants at that point.

—J. Z. Miller, Jr., of Pelton, Tex., who owns stock in 101 banks of the Southwest, has been named as vice-president of the Commerce Trust Company of Kansas City. He succeeds to the position made vacant by the promotion of W. T. Kemper, who is now president of the institution. The vice-presidency has been vacant for the past six months. Mr. Miller, who has large landed interests and owns the electric light and power plant at Temple, Tex., together with other commercial enterprises selected Kansas City after looking over all other financial centres of the Southwest.

—T. C. Tupper has been elected assistant cashier of the Central National Bank of St. Louis, the growth of that institution requiring an additional official. Mr. Tupper was formerly with the Mechanics-American National Bank and previous to his connection with that bank, which was for three years, he was with the National Bank of Texarkana, Texas, assistant cashier for six years. He enjoys a large acquaintance among the bankers of the Middle West, having attended numerous State conventions during his connection with the Mechanics-American Bank. The other assistant cashiers of the Central National Bank are J. N. Kingsbury and Ferdinand Diehn. A. C. Berninghaus is the cashier.

—J. C. Dodd has been added to the directorate of the National Bank of Commerce, Louisville, Ky., of which Samuel Casseday is the president. Mr. Dodd continues the representation of his family in the bank, which began thirty-three years ago, when W. O. Dodd became a director of the institution. He died in 1886 and was succeeded by his brother, J. L. Dodd, who served until his death a few weeks ago. A third brother has now been elected, making a unique series of successions.

—The Fletcher National Bank and the American National Bank of Indianapolis will not consolidate, as was reported recently. They will both go out of existence and a new bank will be organized, to be called the Fletcher-American National Bank. It will begin business under its own charter. This action was made necessary to circumvent a national law prohibiting the direct consolidation of national banks.

On the same day the two banks will go

into voluntary liquidation and the resources and capital of the two combined will be used for the formation of the new bank. The voluntary liquidation of the two banks can only be accomplished by the permission of two-thirds of the stockholders.

The stockholders of the two banks will be minus of every vestage of bank ownership until the charter for the new bank arrives, when they will be given the same amount of stock in the new company as they had in the two old banks. The new bank will take over the assets and liabilities of the other two banks.

The present building of the American National Bank will be purchased by the new bank and business will be begun in the new building as soon as the deed is transferred.

According to the plans, Stoughton A. Fletcher, president of the Fletcher National, will be president of the new bank, and John Perrin, president of the American National, will be chairman of the board of directors. They will be equally active in the direction of the bank's business. The board of directors of the merged institution will be eighteen in number, the nine present directors of the American Bank and nine to be selected from the other bank. The organization of the board of directors will likely be changed after January 1, 1911.

The combined deposits of the two banks will be about $15,000,000. The last statements to the Comptroller of the Currency show that on June 30 the Fletcher National Bank had total resources amounting to $11,479,630, and the American National Bank had total resources amounting to $12,789,033.

The Fletcher Bank is one of the oldest financial institutions in Indianapolis. The American National Bank was organized August 15, 1900, and began business February 4, 1901.

—The proposed Ohio Valley Bank and Trust Company of Cincinnati will sink its identity in the Metropolitan Bank and Trust Company of that city. The Ohio Valley Bank and Trust Company was to have opened for business in the fall; it was incorporated in the spring and was to have been established with a capital of $250,000; its stock was offered at $120 per share. The subscribed capital is reported as $100,000, and the Metropolitan will issue that amount of new stock to the stockholders of the proposed institution. Cashier R. E. Morrison, of the Metropolitan, is quoted in the Cincinnati *Times-Star* as stating that the arrangement "simply means that we take over the stock already subscribed to the Ohio Valley and the business promised to the bank, and issue $100,000 stock of our bank in payment." The organization committee of the Ohio Valley ratified the proceedings August 4, and the details are expected to be completed by September 1. George W. Platt, the organizer of the projected bank, is a director of the Metropolitan, and it is stated that several of the other interests in the Ohio Valley will be given a place on the Metropolitan's board. With its new issue of stock, the latter's paid-in capital will be increased from $100,000 to $200,000.

—Simon Kuhn, a brother of the late Louis Kuhn, who was vice-president of the Fifth-Third National Bank of Cincinnati, has been elected a director of the institution and a member of its executive committee. Louis Kuhn had been a partner in the banking house of S. Kuhn & Sons, which was taken over by the Fifth-Third National early the present year, and he was made a vice-president of the latter at the time of the absorption. His death occurred last month.

—The Security Savings Bank of Columbus, O., has elected J. A. Metcalf and Beman Thomas respectively president and cashier of the institution, succeeding E. J. Smith and F. T. Jones. The institution has an au-

B. Mistrot, S. H. Clinton, A. J. Holloway, thorized capital of $50,000, of which about $41,000 had been paid in at the last statement. It is reported that the new interests in the bank have purchased the remaining unpaid capital and that the latter will soon be increased to $100,000. The institution has deposits of about $200,000.

—Lewis H. Cooke, assistant treasurer of the Garfield Savings Bank, Cleveland, O., resigned his place last week to become treasurer of the American Trust and Savings Company of Springfield, O.

—In order that he might devote all his attention to his Cleveland, O., institutions, Colonel J. J. Sullivan has resigned as president of the First National Bank of Canton, O. Louis A. Loichet, who was vice-president of the latter, has succeeded to the presidency. Colonel Sullivan is president of the Central National Bank and the Superior Savings and Trust Company of Cleveland.

SOUTHERN STATES

—At a meeting of the board of directors of the National Bank of Virginia, of Richmond, John Skelton Williams, of John L. Williams & Sons, and William T. Reed, president of Larus & Brother Company, were elected vice-presidents of that institution. H. A. Williams, John Tyler, W. H. Slaughter and James M. Ball, Jr., were elected assistant cashiers. W. M. Habliston continues as president and W. M. Addison as cashier. O. S. Morton also continues as assistant cashier.

—The Capitol Savings Bank of Richmond, Va., and the Bank of Commerce and Trusts, of the same city, have agreed to consolidate. The officers of the enlarged institution will be: Oliver J. Sands, president; A. R. Holladay, vice-president, and R. M. Kent, cashier. No date has been set for the actual consolidation, but it is expected to take place within two months. The Capitol Savings Bank has a capital of $50,000. The Bank of Commerce and Trusts recently took steps to increase its capital from $200,000 to $300,000.

—Up to August 6, the clearing-house banks of Atlanta, Ga., had reported capital, surplus and undivided profits of $8,736,092.06 and deposits of $21,897,263.06. If the banks of Atlanta can continue to report such splendid figures, they will easily wrest the record from some of the northern cities.

—At a meeting of the directors of the First National of Birmingham, Ala., on July 20, a proposition to increase the capital stock of the bank to $1,500,000 was considered and a circular letter has been mailed to all of the stockholders setting forth the plan of the directors. The proposition will be submitted to the stockholders at a meeting on October 11. If the stockholders concur with the idea of the directors, $500,000 worth of capital stock will be sold to present stockholders at $200 per share. The surplus will therefore be raised to $1,500,000 and the capital will be increased to the same amount.

—The German-American National of New Orleans makes the following report at the close of business, June 30: Loans and discounts, $5,205,950.92; U. S. and other bonds, $1,189,120; cash and due from banks, $2,006,461.61. The capital is $1,000,000; surplus and profits, $646,378.32, and deposits, $5,900,192.66.

—The City Bank and Trust Company of New Orleans has taken possession of its new home on Carondelet street, near Canal. The architecture of the new building is along classic lines, while in finish and equipment the banking room ranks with the best in the city.

—Charles E. Novel has been chosen cashier of the People's Savings Trust and Banking Company of New Orleans, to succeed L. O. Landry, retired. Mr. Novel has been assistant cashier of the Inter-State Bank and Trust Company of New Orleans.

—The Central Texas National Bank has opened for business in Waco. The directors are: Gip Smith, W. H. McCullough, R. B. Spencer, W. T. Herrick, C. L. Johnson, H.

Cal Shelton, J. J. Durham, C. L. Sanger, J. P. Anderson, J. G. Whitworth, R. L. Cartwright, Sep Smith and F. E. McLarty. W. H. McCullough is president; R. B. Spencer, first vice-president; Gip Smith, second vice-president; C. L. Johnson, third vice-president; F. E. McLarty, cashier; L. A. Brooks, first assistant cashier, and M. L. Hirschfelder, second assistant cashier. The new bank is incorporated for $300,000.

—General satisfaction has been expressed at the selection of officers for the National State and City Bank of Richmond, Va., which is the institution newly formed by a consolidation of the National State Bank of Richmond and the City Bank of Richmond.

Col. William H. Palmer, president of the consolidated banks, was formerly the president of the City Bank and is well known for his sterling qualities and his capabilities as a banker.

John S. Ellet, selected for vice-president, was formerly president of the National State Bank. Under his eye the National State Bank came to be one of the most successful banks of the South.

William M. Hill, the second vice-president, was formerly cashier of the National State Bank. J. W. Sinton, formerly cashier of the City Bank, was the third vice-president chosen, and Julien H. Hill was the choice of those concerned for the cashiership.

In addition to the directorate of the National State Bank, the following were chosen from the City Bank: Col. W. H. Palmer, Stewart M. Woodward, James H. Anderson, E. A. Palmer, E. B. Addison, S. H. Hawes.

Deposits of the National State, according to a statement rendered shortly before the consolidation, were $3,181,530.35; those of

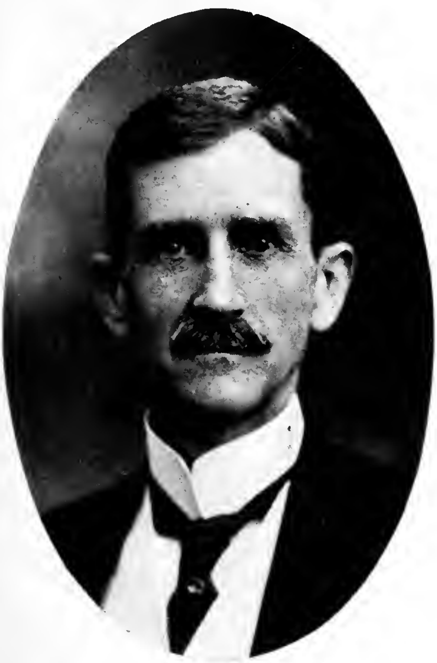
COL. WM. H. PALMER
President National State and City Bank of Richmond, Va.

the City Bank were $1,371,423.90. The new institution has a capital of $1,000,000, a surplus of $600,000 and deposits of $4,083,224. On July 1, 1910, it reported total resources of $6,115,249.

—On July 16 the First National Bank and the National Bank of Commerce of El Paso, Texas, were consolidated under the name of the former. Deposits now aggregate $4,000,000; the capital is $600,000, with $200.000 surplus and $25,000 undivided profits. Joshua S. Raynolds is president; James G. McNary, vice-president; W. L. Tooley, vice-president; Edward W. Kayser, cashier; W. M. Butler, Francis B. Gallagher, T. M. Quebedeaux, assistant cashiers. All the directors of the National Bank of Commerce were added to the directory of the First National. This bank is now the leading institution of the Southwest.

JOHN S. ELLET
Vice-President National State and City Bank of Richmond, Va.

WM. M. HILL
Second Vice-President National State and City Bank of Richmond, Va.



JAMES W. SINTON
Third Vice-President National State and City Bank of Richmond, Va.

JULIEN H. HILL
Cashier National State and City Bank of Richmond, Va.

—The New Orleans National Bank has had its charter extended for another period of twenty years. This institution is one of the most profitable and successful banks in the South. Since beginning business in 1871, out of its earnings the capital stock has been increased from $200,000 to $1,000,000, a surplus and profit account of $571,820 has been accumulated and $2,410,000 has been paid to stockholders. The New Orleans National has the distinction of being the only national bank in New Orleans having been in business forty years.

WESTERN STATES

—The Farmers and Merchants Bank of Fairview, Okla., has decided to take out a national charter, at the same time increasing its capital from $15,000 to $25,000.

—The National City Bank of Denver, which was recently organized by T. A. and J. B. Cosgriff, owners of a string of thirty banks in Montana, Wyoming, Utah, Nebraska and Colorado, will occupy the present offices of the Santa Fé Railroad, in the Railway Exchange Building, Seventeenth and Champa streets, when the railroad company moves to its new quarters, Seventeenth and California streets.

T. A. Cosgriff will be the president of the new bank. He is also head of the First National of Cheyenne, and it is said that a large part of the Wyoming business will be transacted through the National City Bank. J. E. Cosgriff is president of the Continental National of Salt Lake City, and both brothers are prominent in the cattle and wool business. The new bank will probably begin business in the fall. Its capitalization is $250,000.

—H. M. Raborg of New York has assumed the presidency of the State Savings Bank of Butte, Mont., succeeding M. S. Largey, who becomes vice-president. Vice-President A. T. Morgan has resigned and will retire from the banking business on account of ill health.

—A few months ago the National Bank of Arizona, located in Phoenix, increased its paid-in capital from $100,000 to $200,000. The Phoenix National Bank and the Valley Bank have just completed arrangements, respectively, to increase their paid-in capital to $150,000 from $100,000 each. The Union Bank and Trust Company of Phoenix, which a few months ago increased its paid-in capital to $50,000, will very shortly make another increase—this time to $100,000.

The action taken by these four flourishing banks denotes their recognition of the fact that Phoenix has become the commercial centre of the territory, and that they are prepared to take care of their fast increasing business.

—Prescott National Bank, Prescott, Ariz., at the close of business, June 30, makes the following statement: Loans and discounts, $679,432; bonds, seecurities, etc., $160,543; cash and due from banks, $498,334; capital stock, $100,000; surplus and undivided profits, $195,165. The officers are: R. N. Fred-

ericks, president; Morris Goldwater, vice-president; F. G. Brecht, vice-president; H. A. Cheverton, cashier, and G. E. Meany, assistant cashier.

PACIFIC STATES

—Since the official statement of the Seattle National Bank, issued on March 29 of the present year, it has consolidated with the Puget Sound National Bank, thereby doubling its capital, which is now $1,000,000. Its deposits since the consolidation show an increase of $6,563,521.77, being now $15,847,736.26. It has surplus and undivided profits of $277,112.34, loans of $9,649,351.37, cash and exchange of $4,921,905.78, and totals of $17,624,848.60.

—The American National Bank of San Francisco has a capital of $1,000,000. Its last statement, issued pursuant to call of June 30, shows cash and exchange of $2,557,533.07 and deposits of $5,531,855.02, and it centres its energies on commercial banking, and is a popular and efficient reserve agent. It has surplus and undivided profits of $502,320.56, loans of $3,624,080.76, and totals of $8,283,943.65. The officers are: P. E. Bowles, president; Francis Cutting, vice-president, and that most popular banker in the Northwest, George N. O'Brien, is cashier; E. J. Broberg, Russell Lowry, D. B. Fuller are assistant cashiers, and H. de Saint Seine, manager foreign exchange department.

—To the old National Bank of Spokane, Wash., belongs the distinction of circulating the first antiseptic, germ-proof national banknotes. The United States Treasury is still experimenting with devices intended to launder dirty banknotes into bright, crisp ones, but the Spokane bank has the first sanitary money on record. Fifty thousand dollars in bills just put out by the bank were signed with an ink which consisted largely of carbolic acid. The result is the bills are saturated with an agency which means death to the most vigorous germ.

—Established in 1882, just 28 years ago, the First National Bank of Seattle lays claim to being one of the pioneer institutions of the Queen City. Its capital stock is $300,000; its surplus, $60,000; its undivided profits, $17,319.26; loans, $2,549,653.84; cash and exchange, $1,145,513.20; deposits, $3,730,690.58 and its totals are $4,207,409.84. The officers are: M. A. Arnold, president; M. McMicken, D. H. Moss, vice-presidents; J. A. Hall, vice-president and cashier; C. A. Philbrick, assistant cashier.

—With both capital and surplus doubled, the Union Savings and Trust Company of Seattle has entered upon another epoch in its career of prosperity. The capital is now $600,000, and surplus, $140,000, and with this working capital the officers expect to make a still better showing than that reported to the State examiner at the close of business, June 30. On that date, with its lower capitalization of $300,000, the bank's total resources were $3,298,041.63, and deposits of $2,939,691.74. Loans and discounts were $2,156,869.24; cash and due from banks, $702,412.02.

James D. Hoge is president of the company. The other officers are: J. D. Lowman and A. B. Stewart, vice-presidents; N. B. Solner, cashier, and Rollin Sanford and Charles B. Brown, assistant cashiers.

—P. C. Kauffman, secretary of the Washington Bankers' Association, is the author of the following resolutions, which were unanimously adopted by his association at its recent convention:

Resolved, That the executive officers of this association be hereby authorized to set apart annually out of the funds of this association the sum of $25, to be annually awarded as a prize to that student of the senior class of the University of Washington taking the economics course, who shall submit the best essay upon some financial or economics subject, to be selected by the said executive officers, who shall also prescribe the terms and conditions.

This resolution was amended so as to provide a like prize for Whitman College and the State College at Pullman, provided said institutions have a course in economics in their curriculum.

Resolved, That the executive officers of this association are hereby authorized to offer a first and second prize in the sums of $15 and $10, respectively, for the first and second best essay by a member of one of the Washington Chapters of the American Institute of Banking upon some financial subject to be selected by said executive officers, who shall be also authorized to fix the terms and regulations to govern the said contest.

—Reorganization plans in connection with the amalgamation of the Washington Trust Company with the Dexter Horton National Bank of Seattle have been concluded so far as determination of the official staff of the bank goes. N. H. Latimer will be president; R. H. Denny will continue as vice-president, and W. H. Parsons, of the Washington Trust Company, will occupy a similar position. Directors of the Washington Trust Company, who will be on the board of the Dexter Horton National Bank, will be C. J. Smith, George F. Stone, J. W. Clise and W. H. Parsons. J. W. Clise, at present president of the Washington Trust Company, will retire from other activity than his position on the directorate will require. Cashier S. F. Rathbun and the assistant cashier, G. K. Betts, will hold the same positions with the trust and savings departments.

Work is now in progress toward preparing the entire Second avenue front of the New York building for the accommodation of the consolidated institutions.

—The Los Angeles Hibernian Savings Bank is the name of a new institution which began business in Los Angeles, Cal., on June 1. The bank has a capital of $250,000, divided into 2,500 shares of $100 each. Of this amount, $148,500 has been paid in. There is no surplus, the institution being in existence less than sixty days. The deposits July 30 amounted to $290,000. The officers are as follows: Robert G. Hill, president; D. F. McGarry and George W. Lichtenberger, vice-presidents; George A. J. Howard, cashier, and Walter R. Holly, assistant cashier.

CANADA

—On September 1 the Royal Bank of Canada will open a London branch office at 2 Bank Buildings, Princess street, under the management of Mr. James Mackie.

—At the annual meeting on June 6 of the Quebec Bank, head office Quebec, net profits of $278,927 for the year ending May 14, 1910, were reported, comparing with $252,771 for the previous year. The present year's report shows $318,598 available for distribution, there having been $39,671 to the credit of profit and loss. The bank applied $175,000 in dividends (at the rate of seven per cent. per annum on its capital of $2,500,000); set aside $5,000 for the pension fund and $100,000 was written off bank premises account, leaving $38,598 to be carried forward. The deposits of the institution amount to $10,064,023, while its resources aggregate $15,709,630. It has been decided to change the annual meeting from the first Monday in June to the first Monday in December. John T. Ross is president of the bank and B. B. Stevenson is general manager.

BANKS CLOSED OR IN LIQUIDATION

ARKANSAS.

Newark—Merchants & Planters Bank; closed.
Siloam Springs—Bank of Siloam Springs; closed.

ILLINOIS.

Chicago—Commercial National Bank; in voluntary liquidation.

KENTUCKY.

Louisville—Third National Bank; in voluntary liquidation.

MAINE.

Biddeford—York County Savings Bank; closed.

MISSOURI.

Tipton—Bank of Tipton; closed.

NORTH CAROLINA.

Chapel Hill—Peoples Bank; closed.

OHIO.

Loudonville—Citizens Savings Bank; closed.
North Hampton—North Hampton Banking Co.; in hands of receiver.
Walhonding—Walhonding Bank; closed.

OKLAHOMA.

Alfalfa—Security State Bank; closed.
Walhonding—Walhonding Bank; closed.

PENNSYLVANIA.

Philadelphia—Merchants National Bank; in voluntary liquidation.

PUBLISHERS' ANNOUNCEMENTS

A GOOD REVIEW

WILLIAM A. DOUGLAS in the July "Survey," writes this review of Dr. Anna Youngman's "The Economic Causes of Great Fortunes."

It is worth remarking that the ownership of a great fortune in former times seems only to have occasioned wonder and admiration, while in modern days it has been challenged and has occasioned much criticism, some bitterness, and even a tendency to limitation by governmental authority.

In "The Economic Causes of Great Fortunes" Miss Youngman treats her subject sanely and temperately, without however glossing over any of the facts which, apparently with authority, she presents. She considers great fortunes to be of three types: Fortunes from purely private activities, as in land speculations, illustrated by that of John Jacob Astor; fortunes acquired from the manipulation of corporation securities, particularly railway corporations, the method of Jay Gould; and the group fortunes of very modern times, best represented by the Rockefeller and Morgan interests. Of these three she gives a brief and compact history, showing how Astor by the time-honored method of buying cheap and selling dear, by his superior knowledge and judgment in buying cheap land in rapidly growing commercial centers, inevitably won his great rewards; how Gould by his audacity and command of resources created situations, in his handling of corporations and their securities, by which he was able to help himself to sums apparently only limited by his forbearance, for which he was never conspicuous; and finally how the great financial magnates of the present day, by their unlimited control of funds, by their banking power and the vastness of their operations, have created the group fortunes so called.

The last two chapters consider the personal and non-personal factors involved in getting and the social services rendered by the owners of great fortunes. The author indicates that, while the personal factor is important, yet there usually comes a time when it becomes quite secondary and the non-personal factor assumes the lead, as in the increase of the values of the Astor lands, or the vast additions to group fortunes by reason of the rapid industrial development of America.

As to the value of the social services rendered in the creation of a great fortune, Miss Youngman thinks that there is grave doubt whether the amount of a man's gains bears any necessary relation to the social services rendered, and that they are at least grossly out of proportion. She gives many illustrations of this, and other apt ones might be suggested, as, for instance, the monetary reward to the discoverer of diphtheria anti-toxin as compared to that of the promotors of the Steel Trust.

Miss Youngman's book shows a great deal of careful research, is concise and suggestive, and can be recommended to all students of social matters as well as to the general reader.

THE BOOK OF THE HOUR

AS the pendulum does not always swing in one direction, it was to be expected that the campaign against the railroads and other corporations would not go on forever without meeting some opposition. The railroads are not purely "malefactors of great wealth." They have actually done something—a great deal, in fact—for the prosperity of the country, though many people seem to have forgotten that fact. It is brought freshly to their minds, however, in a new and strikingly interesting book by Arthur E. Stilwell, entitled, "Confidence, or National Suicide?" Mr. Stilwell is a railroad president, and speaks from that point of view; but what he has to say is replete with sound information and good sense, and is presented picturesquely and with a logic that is convincing.

He does not stop with an argument for justice to the railroads, but sharply criticises the bear raiders, describes accurately our craze for money making, and interestingly sums up many of the prominent phases of our business life.

It is a book that may be read with keen enjoyment and thought about with profit.

Incidentally, it may be said that in publishing this book The Bankers Publishing Company made a record for rapid work.

Mr. Stilwell wrote the book on his way back from Europe early in August. The entire manuscript was written on shipboard. Promptly upon his arrival in New York, he communicated with The Bankers Publishing Company, and inquired how quickly a 120-page cloth bound book could be published. He was informed that it could be done inside of two or three weeks. This period being satisfactory to Mr. Stilwell, arrangements were completed and the manuscript turned over to us August 15.

Copies were in the mails to customers on August 25. Anybody who understands the multifarious details of the printing and publishing business will realize how much work this involved. In this case, our own records for quick work were broken.

The demand for this book is so great that the probabilities are that a second edition will soon be on the press.

PHOTO BY DAVIS AND SANDFORD, N. Y

LEWIS E. PIERSON

Retiring President American Bankers' Association

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR | OCTOBER, 1910 | VOLUME LXXXI, NO. 4

THE BANKERS' CONVENTION

THE convention of the American Bankers' Association, which opened in Los Angeles, California, on October 3, with President Lewis E. Pierson in the chair, promises to be a memorable one in the association's history. It is a significant fact that the convention should be held anywhere on the Pacific Coast outside of San Francisco. In fact Seattle, Tacoma and Los Angeles could any of them suitably entertain the convention now, so remarkable has been their growth in recent years.

Los Angeles is, of course, one of the delightful cities of the world, and its business and population have increased of late years in a ratio hardly equalled elsewhere in the country. No doubt the bankers who attended the recent convention had abundant cause to be pleased with California and with its Southern Metropolis.

Under President Pierson's administration the American Bankers' Association has advanced to its highest point in membership, and its practical service to the bankers of the country has never been greater. The work done by the several sections and by the various committees has become very wide in its scope and of large practical usefulness.

This work has, it is true, related largely to the ordinary details of banking. But this is necessarily so, for these are the things of chief concern to the bankers. And it is but natural that in their association they should attend principally to those things that bear most directly upon their business.

And yet, while not criticising the association for this apparent narrowness of its activities, the hope may be expressed that in the future the association shall have more to show in the way of accomplishment of some things that concern the banking business as a whole. The association has done much to inculcate sound views of banking and finance, and much more in showing how it is possible for bankers to co-operate in securing results which heretofore were left to individual initiative.

Much remains to be done. The bankers need to be united locally for action on collections, paying interest on deposits, bank supervision, and for other purposes. Effective action yet remains to be taken on the currency and for strengthening the banking and financial system. These are great problems, and united action on some of them may be difficult and even impossible. But the things already done through the efforts of the American Bankers' Association warrant the belief that much is to be expected from the closer spirit of association that has developed among the bankers of the country.

BUSINESS AND THE CROPS

WHILE the business situation of late has been far from satisfactory, it may be expected to improve materially before the close of the year on account of the marketing of the crops. As shown by the original investigations made by the Continental and Commercial National Bank of Chicago, the principal crops this year, although showing some shortages as compared with bumper years, are well above the ten-years' average. With good prices this will bring in a stream of wealth that can not fail in exerting a far-reaching influence in reviving business all over the country.

Perhaps, too, the worst is known with respect to the Government's attitude toward business. As the next session of Congress must be a short one, radical legislation will hardly get through. And if the new House should be Democratic, as now generally expected, there will be little chance of legislation of any kind save of the most perfunctory character, for the Senate is pretty sure to remain Republican.

The abuses revealed in corporate affairs have perhaps led to an excess of zeal on the part of the public in dealing with certain phases of business. This mental attitude will have to undergo some modification before the country can expect to return permanently to normally prosperous conditions.

THE PRESIDENT'S AMBITION

CONFIRMATION of the legislative ambitions of the President were afforded some time ago by the Washington correspondent of the Boston "Transcript," who said:

"As for President TAFT, it will be conceded that his chief interest for the next two years will be in completing his circle of legislative reforms. His ambition is legislative, not political."

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the employer. This radical change in the law affects all employees. In the second place, in certain employments determined to be especially dangerous the employer becomes liable to pay to an injured workman, or if the workman is killed then to his dependents, compensation whether the injury was caused by the fault of the employer or the fault of the workman. Hitherto it has been necessary to show that the employer was at fault in order to recover damages. No recovery could be had under other circumstances. As the law has stood heretofore, but one workman in eight recovered anything; under the new law all, or nearly all, workmen injured in the employments named in the law will receive compensation."

It is claimed that the liability insurance companies have never made any money on this branch of their business. If this be true, and their liabilities are increased, it would seem to follow, as a natural consequence, that they must either increase their rates or go out of business.

At all events, it could hardly be expected that a much greater liability on the part of employers, and hence on the part of companies furnishing such insurance, would not lead to higher rates. Certainly not unless the rates already charged were exorbitant, and this the companies deny.

Public opinion is undoubtedly tending toward enlarging the responsibilities of employers, and the latter will naturally seek to shift this added burden upon the shoulders of the liability companies, and to compensate themselves for the increased risk the companies will raise their rates. This they must do in obedience to sound business principles and to enable them to meet their obligations.

CONDITION OF THE CROPS

FOR several years it has been the custom of the Commercial National Bank of Chicago (now the Continental Commercial National) to make a summary of crop and business conditions. As there have been many gloomy reports about the crops, the following will be found of interest:

"Our reports indicate a total wheat crop of 657,000,000 bushels, or 80,000,000 bushels less than last year's record production, but equal to a ten years' average production. Corn promises a yield of 3,000,000,000 bushels, or 225,000,000 bushels above the previous season and 25 per cent. over a ten years' average crop. The oats yield will exceed last year's excellent production with a total of 1,071,000,000 bushels, 200,000,000 bushels over the ten-year average. Barley will equal last year's crop of 128,000,000 bushels, and rye will exceed the previous season, being 31,500,000 bushels, comparing with 30,000,000 bushels. The total production of these grains, as reported to us, is 4,906,000,000 bushels, while the ten-year average is 4,431,000,000 bushels. Cotton condition indicates a crop of 11,000,000 bales, or 700,000 bales above last year."

Surely this is far from a gloomy prospect. The crops are the basis of our national prosperity; and, apparently, the crops are all right.

OUR UNAPPEASABLE APPETITE FOR CURRENCY

WITH a volume of currency much in excess of that of any other commercial nation, we are still, like Oliver Twist, clamoring for "more." It is said that the Treasury has printed already $500,000,000 of the Aldrich-Vreeland stuff with which the country could be flooded if the bankers once give their

consent. There seems little probability that they will do so.

Here and there you find a man who does not agree with the new school of inflationists. In an interview in a New York newspaper some time ago, Mr. Wm. Sherer, the veteran manager of the New York Clearing-House Association, discussing the proposed formation of a national currency association, said:

"There is nothing to my mind to prove that emergency currency would be an unmixed blessing. The history of the last fifty-six years shows that business has been conducted with a very small amount of cash per capita. It has been done on credit, and always will be done on credit to a great extent. Cash creates an appetite for cash. The more currency you provide, the more will be called for. I doubt whether it would ever be possible, once the process were started, to catch up with the demand."

When so many people are preaching in favor of practically unlimited paper issues, it requires courage to talk like this.

AN OLD-FASHIONED EXECUTIVE

Funny notions as to the duties of executives are entertained by Governor Judson Harmon of Ohio. Writing recently in reply to a request of the Mayor of Columbus that a special session of the Legislature be called, the Governor said:

"I am bound in frankness to say that your sending such a letter at this time and promptly giving it to the press suggests a desire to make up by fertility in recommending new laws for the lack of efficiency in enforcing existing laws with which you are charged by the public in general."

The notion that an executive officer has anything to do with enforcing the laws already existing is hopelessly old-fashioned and out of date.

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Perhaps no Comptroller

more vigilant than Mr. MURRAY in endeavoring to enforce the National Banking Act and to make the supervision exercised by the Comptroller's Bureau effective. He might, and not without reason, have complained that the law is in many respects inadequate and that the whole system of supervision needs overhauling, and thus have sought to excuse any shortcomings of his Bureau in the matter of supervising the national banks. But he did not do so. He has gone to work with the tools he had, and has tried to get the best results possible from the law just as it stands.. That his efforts to have the directors take a more active interest in the affairs of their banks has borne fruit, can hardly be doubted. He has also spurred the examiners in the performance of their duties and has secured co-operation between the National and State officials charged with bank supervision. All this should and undoubtedly will bring about great improvement in banking conditions.

We believe another important result will follow Mr. MURRAY's vigorous efforts to make the present methods of supervision efficient. If, after all he has done, it should be found that the supervision exercised by the Comptroller is ineffective, the fault must be ascribed to the law itself and not to its administration.

The vast increase in population and wealth and the multiplication of banks have increased the difficulties of supervising the banks from Washington. Many needed amendments in the present law have been repeatedly recommended by successive Comptrollers of the Currency. Should these be adopted, it will probably be found necessary to bring the banks together in some form of district organization, and to supplement the examinations made by the Government with a system of inspection carried on by the banks themselves.

WATCHING THE OWNERS OF AUTOMOBILES

BALTIMORE bankers, according to the "Sun" of that city, are keeping a close watch on the owners of automobiles, with a view to finding out if such luxuries are within the means of those indulging in them. Newspaper reports and addresses of bankers indicate that the same course is being followed by bankers in other parts of the country.

The automobile is only one of many forms of extravagance that call for attention by the bankers. That it is singled out for so much comment probably arises from the fact that it is the most palpable kind of extravagance. One may cultivate other equally expensive habits with a great deal less publicity. Gluttony, drink and gambling may be a source of greater waste than the ownership of an automobile, but these extravagances are not open to the public eye. The owner of an automobile, however, glories in his extravagance. In fact, this particular form of extravagance is born of the love of display. The joyful owner comes tearing down the street, raising a cloud of dust, and blowing his horn, thus exhibiting his superiority over the humble pedestrian or the owner of more modest and less noisy vehicles.

But when the automobile mania no longer troubles the bankers, a new outbreak, and perhaps a more dangerous one, looms in sight. Navigating the air is not only a costly form of amusement, but one that will keep the banker busy in watching for his borrowers who may sail the "upper deeps." How is the banker to know, even with the aid of a powerful field-glass, whether the ship he sees aloft was paid for with funds borrowed from his bank? All the aviator will have to do is to borrow his money in one county and build his ship in another. Kite-flying has always been

a source of annoyance to the banker, and this latest form of it also contains interesting possibilities.

BANKERS AND BANKING PROBLEMS

ADDRESSING the recent annual convention of the Indiana Bankers' Association, Mr. ARTHUR REYNOLDS, president of the Des Moines (Iowa) National Bank, strongly appealed to the bankers of the country to show more active interest in legislation relating to banking and currency. He very justly intimated that but for the apathy of the bankers the Postal Savings Bank bill might have been defeated.

This apathetic attitude of bankers may be accounted for in various ways. In the first place, the banker working under existing laws, to whose operation he has become accustomed, knows just what to expect. He knows how the law affects his own business and that of his competitors. A new law is full of uncertainties. It may give the bank a better chance to make money, and it may not. Or if the bank is a State bank, any extension of privileges to the national bank will simply add to the advantages of a competing institution. This view may be narrow, overlooking the profit that might be derived by benefits to the community arising from a modification of the National Banking Act. But it is the view apt to be taken by the average banker nevertheless, and not without reason.

Bankers know, too, that they can do business with a currency and banking system however unscientific and clumsy. They conform to conditions as they find them, and trouble little about the attainment of banking ideals. For example, the currency of China is chaotic. But the banks there do not worry much about that fact. They have learned
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expected to take more thar
functory interest in things n
concerning the success of h
tion.

But despite all this, we b
bankers, by their indifference
ing and currency problems
adequately caring for the tr
mitted to them. Waiving the
to the community that wou
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an advantage in which the ba
not fail to share—it can n
seen that the banks would
direct profit.

If the banks were authori
proper restrictions, to issue
rency, they could serve the
community much more efficie
they do at the present time.

If savings deposits were
from the general deposits, an
in high-grade securities, and
banks were authorized to esta
ings departments and to empl
deposits in making loans on
the banks could more safely
tually meet the banking nee
people.

The bankers who fail t
direct benefits they would d
every wise amendment of th
laws are at least short-sighted

Perhaps in estimating th

of bankers toward banking and currency legislation, one fact is not sufficiently considered. Federal legislation applies, of course, only to banks operating under national charters, and these are fewer than the State and private banks and loan and trust companies. Even, therefore, if all the national bankers were united in favor of certain reforms (which is by no means the case) their influence might be overcome by the greater number of banks of other classes. We imagine this to be one reason, and perhaps the chief one, why bankers have such slight influence in shaping Federal legislation with respect to banking. The influence that might be wielded is practically nullified by the conflicting interests of the different classes of banks.

STRENGTHENING THE NATIONAL BANKING SYSTEM

AN important paper by Professor O. M. W. Sprague of Harvard appeared in the August number of the "Quarterly Journal of Economics." It is the second paper in the series on "Proposals for Strengthening the National Banking System." Professor Sprague thinks that the character of the security for bank-note circulation is of less importance than has been commonly assumed in recent discussion of banking and currency problems. He is, however, in favor of an asset currency. But it is his opinion that there can not be much currency elasticity under any system so long as the banks continue to pay interest on deposits.

As the entire abolition of such interest payments is not thought possible, the suggestion is made that interest be paid only on the minimum weekly, fortnightly or monthly balance, during six months' periods.

The payment of interest on bankers' balances not only attracts the idle money to the financial centers, but virtually compels the city banks to lend at all times close to the permissible limit in order to recoup themselves for the amounts they pay out in the shape of interest on these deposits.

Professor Sprague's studies of our banking problems have attracted wide attention and interest. In a subsequent paper he will treat of a central bank or central organization with limited functions, and no doubt his suggestions along this line will prove as interesting as those which have preceded them.

CURRENCY REFORM AT LAST

FOR nearly a quarter of a century, economists, bankers, financiers and others have been carrying on a campaign in behalf of currency reform. Bankers' conventions have talked about it. Commissions have been appointed. Essays and addresses by the thousands have compassed the subject round about. Pamphlets, books—whole libraries of them—have "held the subject up in every light of which it is capable," and it has not been all in vain.

At last, currency reform is an accomplished fact—the size of the paper currency is to be reduced from 3.04 inches wide by 7.28 inches long to 2.5 inches wide by 6 inches long!

Upon those responsible for this happy and auspicious culmination of the long and arduous labors of the currency reformers we bestow our congratulations. It can no longer be said that financial legislation does not reflect intelligent public opinion.

Besides, our paper currency is certainly too big. As prices rise, one hardly knows whether, in going to market, to put his money in his pocketbook or in the market-basket. Salaries, wages and incomes are also at such a high

figure that everybody's purse is bulging with money.

The reduction of the size of the paper bills is a noble work. It will save the Government money, and will relieve the possessors of overfat purses of much annoyance.

In view of this great reform, who now can say that the currency reformers have labored in vain?

RESERVE CITY BANKS

CLOSER scrutiny of the affairs of national banks acting as reserve agents will be a part of the future policy of the Comptroller of the Currency. Requests by country banks for the designation of a reserve agent will not be approved by the Comptroller until it is established to his satisfaction that the proposed reserve agent is in a sound condition.

As has been repeatedly said, in these pages and elsewhere, a fundamental weakness of our banking system lies in the inadequate equipment of the reserve banks. They are not fitted properly to perform the duties imposed upon them by law. Their capital and reserves are insufficient, their management wanting in that catholic spirit that should rule such institutions, and they lack the authority to issue credit notes.

If Congress could be brought to a realization of these defects—which are by no means theoretical, but have been plainly and repeatedly demonstrated by experience—and would set out to remedy them, the banking situation would be greatly strengthened. Reforms of this character would be quite as effective as a central bank—probably more so—and they would provoke less political hostility.

The Comptroller's decision to excise a more careful watch over the reserve city banks is, of c[illegible] mendable. Even under the [illegible] perfect laws he can do muc[illegible] weakness among these insti[illegible]

COTTON BILLS OF L[illegible]

EUROPEAN bankers re[illegible] cept the railway va[illegible] cotton bills of lading, and [illegible] can bankers have declined [illegible] ther guarantees. Though t[illegible] dead-lock in the negotia[illegible] way for some time, hope of [illegible] tory solution of the difficu[illegible] been altogether abandoned.

The European bankers se[illegible] that the proposed validatio[illegible] did not offer adequate [illegible] against forged bills of la[illegible] the committee of American [illegible] garded the demands made [illegible] as violative of sound ban[illegible] ciples and in contravention o[illegible] visions concerning the righ[illegible] to make guarantees.

Whether the snarl will [illegible] ened out, or whether certai[illegible] banks will act independent[illegible] cept the railway validation [illegible] as satisfactory, remains to b[illegible] doubt a way will be found [illegible] the cotton crop.

This controversy has [illegible] afresh the close dependenc[illegible] cial transactions upon the [illegible] of confidence in carrying [illegible] operations. The appearanc[illegible] forged bills of lading has [illegible] disturb long-established bu[illegible] tions between the American [illegible] pean banks, and has threa[illegible] porarily to interfere with [illegible] ning into the hundreds of [illegible]

The committee represe[illegible] bankers on this side claim tha[illegible] pean banks are asking assu[illegible] they themselves refuse to gi[illegible]

PICTURESQUE INDUSTRIES OF A UNIQUE STATE

By Leonora Beck Ellis

THE manufacturing, the industrial South! We are by no means accustomed to such a phrase. The South of the old land-holding aristocracy, the home of the Virginia cavalier, the Carolina cotton or rice kings, the Louisiana sugar prince,—all those vivid suggestions and conditions of an earlier, more picturesque, but less prosperous era, we know by heart.

But this new phrase, this awakening of a whole great section to its own possibilities, its latent power, this swinging, sweeping movement towards the development of vast natural resources, this upward lift of what the world has been calling a slothful, unambitious population, until it will stand soon the peer of any as regards industrial progress, and educational facilities as well,—this we are hardly yet adjusted to, have scarcely learned to look on as our easy portion.

But such it is; and a strange story it makes, running through even the last decade and a half of swift development.

For, do you realize that fifteen years ago we were raising cotton to sell to England and the east at five cents a pound, and we were buying back the finished products at an enormous profit to the manufacturers of the old world and the new?

A few hundred thousand spindles and a meagre quota of looms were making sorry show of handling an insignificant portion of our great staple, while, regarding our other native resources of a hundred rich kinds, we seemed deeply ignorant or wholly apathetic. With white-fanged poverty gripping hard on every side, it appeared to many of us mere madness when, shortly, the call sounded forth, "Cotton mills in cotton fields our first condition of salvation! The South's resources for herself,—and God for all!"

It is not intended to rehearse now the quick, successive stages by which we leaped, in less than two decades, from eight hundred thousand to more than nine million of spindles, from five to fifteen cent cotton; in short, from a direfully poverty-ridden South to one smiling under the seal of a deeply, surely based prosperity?

No, it was not of cotton and its stirring romance we started to speak, although it appears inevitable that we drift towards the wonderful staple when we talk of prosperity.

It was of a more picturesque industrial development we were thinking: not cotton mills, not coal mines, nor iron furnaces, not the manufacture of our splendid southern woods into fine furniture,—none of these nor their allied forms of wealth-producing, progress-making development.

There are scores of small industries and manufactures that combine to make a solid basis of prosperity for any state or country. The utilization of home material, even the simplest, and of home labor to the very best advantage, is the safest road by which to travel when starting in the race for national wealth.

In the South we have one State which has hitherto been regarded rather as a great national sanatorium, or else an interesting play-ground, with possible gardens and orange groves interspersed, all perhaps rendered more or less uncertain by probable thermal variations. This is Florida, our peninsula of sunshine and roses, thrown out between the Mexican Gulf and the Atlantic Ocean.

The average man thinks of the peninsula as a pleasant place on which to make a winter home, a little playtime expanse lying outside of the busy region where grain and cotton, coal, iron, timber, and other integral factors of wealth stimulate to large enterprise.

Many and Varied Industries.

In point of fact, no little country, of either the old world or the new, can

show the picturesque and varied industrics of this unique Southern State, nor can another of so sparse a population show the wonderful expansion of Florida, in the last five years, as concerns the utilization of its own native products, its own raw material, from small resources to great.

Not alone the tropic-looking gardens of scarlet poinsettia, golden accacia, and rosy oleander hedges, nor its increasing areas of bananas, pineapples, guavas, and other West Indian fruits, nor its terraced lemon and lime orchards, suggesting Spain,—not one nor all of these and their kind would leave with us so deep an impression of having been in a foreign country, as we get from the glimpses, in one little Floridian port after another, of such industries as sponge-harvesting and selling, mullet-fishing and marketing, oystering, clamming, tortoise-shell gathering, or, again, the loading of those huge Norwegian, French, and English vessels with phosphate and naval stores, or yet, again, in the interior, the kaolin works here and there, the numerous fibre factories—for the conversion of palm fibre and leaf into articles of commerce,—mattress-making from the Spanish moss, an occasional silk-worm farm, and lastly the extensive Cuban cigar factories at Tampa and Key West.

On a recent sailing trip down the West Coast, along a course unvisited by us for five years, we found much to please as well as surprise. Fishing hamlets had grown into sizable ports, channels had been dredged, foreign steamers were entering where only fishing smacks had hitherto been acquainted, and scattered all over the fertile sponging fields, from St. Marks to Anclote light, were the lateen sails of the Greek sponge divers, absolutely unknown to us three years ago.

Below Cedar Key, we ran into Crystal River Bay, then up the broad, fair stream eight miles to the railroad station and prosperous little town, where a pencil factory, cannery, and fibre factory, and several fish houses afford employment to hundreds of industrious workers. We found scores of

nice homes, several churches,
school, where a few years
had been only a cluster of sh
a large general store, we
meaning of the seven or eig
eign vessels we had noted l
upper harbor of the bay.

Exports to Foreign I

"That's Port Inglis, at th
the Withlacoochee," was t
"It's phosphate the boats a
with,—to go to every part o

Do you catch the significa
lions of dollars per annum
through this little harbor, un
a dozen years ago save to t
or to the wandering fisher
scarcely heard of except in
with this branch of commerc
of general prosperity becam
more comprehensible.

After a few hours at these
sailed on down the coast, pu
various small ports and find
where a busy and prosper
Fishing boats were scuddi
down, plying their craft in th
waters, then running in with
cargoes to this port or that,
car or schooner loads of mu
per, sea-trout, or pompano,
ice or salted down, were to
to various parts of the Unite
Cuba, bringing in return the
of dollars each season to t
people.

And the sponging busines
the most interesting of all,
picturesque. Probably few p
side of the peninsula and
channels of this trade reali
the markets of the United St
large demand in England ar
with that important article of
the sponge, from a limited a
the Gulf of Mexico, the field
now successfully worked b
three to twenty miles off-sho
tending southward with va
tility, from latitude 27 deg
degrees N.,—that is, in loc
parlance, from Anclote Ligh
Marks.

In this expanse, our nativ

and their Cuban and Spanish brothers have been at work for something over fifty years, though not by the diving method. They have used the long-poled hooks, and hence been unable to gather the commodity in waters over forty feet deep. Yet they gradually pushed the eastern sponge from the American market, and moreover began to send a surplus of the cheap grade grass sponge to England, for mattress making and similar purposes. They brought up the industry, in a generation's time, from most meagre beginnings to touch the million-dollar mark, and that at a time when it counted much to the State.

Development of the Sponge Industry.

But the implements of the trade were awkward, the business poorly handled, and a revolution in it was sure to come.

It was through this modern invasion of the Greeks that the revolution came to our marine industry, and it seems to us to have come with remarkable suddenness.

Three years ago the first Greek divers found their way to us from the exhausted Mediterranean fields. Their diving suits, their oddly rigged boats, their alien speech, brought to these quiet hamlets as much interest as a circus,—and greater novelty.

But to-day over two thousand Greeks are on this coast, and the lateen sails are as common a sight as the fisherman's rig. There is shown an immense increase in the sponge yield and in the monetary returns from this marine harvest.

True, we legislated speedily against the alien, first throwing him wholly outside the three-mile limit to work, and in water of no less than fifty feet depth. He quietly assured us that he had no desire to dive in shallower seas. Then we enacted the statute of the closed and open season for sponging, which is more effective as well as more needed; but it does undoubtedly keep the revenue cutters busy chasing the violators.

But the Greek diver is here to stay, and there is indeed fair promise of his making a good inhabitant. He is well adapted to our climate and work, is not a bad citizen, appearing healthful, both physically and morally, and he amalgamates easily with the half-Spanish and Cuban population already on our coast. Since we are bound to accept our share of immigration, why not as well give fair play to these Mediterranean people? We shall assimilate them along with the Latins already with us, all of whom are suited to the climatic and other conditions of peninsula Florida and especially adapted, by training as well as by ancestral instincts, to aid in the development of our diversified small industries and manufactures. From such new strains of blood, there will come to the South a new thrift and aptitude we greatly need,—that is, for bringing in and multiplying through the country those small gains and revenues entering by all legitimate even if narrow channels,—where hitherto we have oftener sat passive, waiting for what might drift in through the one broad channel familiar to us.

PRACTICAL BANKING

THE RUBBER STAMP AS A TIME SAVE BANKS

By Edgar G. Alcorn

ONE of the handiest and most useful articles in a bank is the rubber stamp. The number and variety of stamps are so abundant that the uses to which they may be put are almost unlimited. It is surprising what an immense amount of time and work they will save in an ordinary bank in the course of a single day.

Yet there are many banks which fail to appreciate their value. They perhaps do not keep over half a dozen stamps on hand. About the extent of their investment along this line is a "paid" stamp, an "endorsement" stamp, and one or two "band daters." Instead of a dozen rubber stamps, there are but few banks that could not make good and profitable use of at least fifty of them.

Rubber stamps are not expensive, the cost, in fact, being infinitesimal when their utility and the time and labor saved is taken into consideration. There are several, such as those that have been mentioned, that are absolutely essential in any bank, large or small. The "paid" stamp, the "endorsement" stamp, and the little "band dating" stamps are almost in constant daily use. "Address" stamps, while not essential, are great time savers. These are stamps which bear the name and address. A bank should have one for every bank with which it has frequent correspondence. At leisure moments the mail clerk, or anyone else, can stamp a supply of envelopes and thus avoid the necessity of addressing with pen and ink a lot of them at rush moments.

Upright cabinets containing numerous pigeon-holes are made in which supplies of addressed envelopes are kept. There is a pigeon-hole for each bank, and they are so placed in the cabinet that the addresses on the envelopes are visible, and consequently the hand may
laid on any envelope desired.

"Autograph stamps" will
the president and cashier c
banks a lot of time and tec
Circulating notes are often
large amounts and in small
tions, and the task of writing
nature with pen and ink on
is rather a laborious one. T
stamp accomplishes the wor
few minutes. While there is
ity for affixing the signatur
officers on circulation wi
stamps, a great many do it,
has not as yet been any objec

The presenting and return
collections has become quite
expense and annoyance to ba
becoming the custom of bus
to use the banks as collectio
"dunning" agencies. They s
tions against customers whom
do not pay drafts, and with n
the collections will be paid.
a convenient and impressive
minding a customer that his
due or past due. A draft dra
him, or a notice through the
they think, will be more e
assure greater promptness
usual statement from the hou

These collections have to
presented, and returned, all o
quires time, labor, and expen
outlay of postage and station
banks have for a long time as
burden without complaint, bu
recently arisen a disposition c
of some to refuse to handle
unaccompanied by ten or fif
in stamps, to pay the cost of
and returning them if not pa

A rubber stamp such as th
lowing is used in this connect

memorandum is stamped on the draft itself or on the letter sent with the returned draft.

RETURNED UNPAID

The enclosed collection is returned unpaid for the reasons endorsed thereon. Special care and attention has been given to this item, and you are requested to kindly remit .... cents in stamps to cover cost of entering, presenting, and returning. Payment of same will insure our attention to your future collections.

FIRST NATIONAL BANK
Wheaton, Ill.
.... Cashier.

It is necessary to protest a note on the day it is due in order to hold the endorsers, but unless there is some dispute or some likelihood of a bank being compelled to resort to legal measures to collect a note, it will avoid protesting unless absolutely necessary. Some men would consider it a very serious offense to protest their paper. Protest is necessary, however, unless waived by the endorser. The following stamp may be conveniently used for such purpose:

PROTEST, DEMAND, AND NOTICE OF NON-PAYMENT is hereby waived on the within note, and consent is given to any extension or renewal thereof without notice.

....

....

Notes are often presented to banks for discount or as collateral for a loan. These notes must be assigned, and care should be taken that the assignment is explicit and valid. In a written assignment something may be omitted or may not be entirely legible. A rubber stamp assignment corresponding to the following would be proper:

FOR VALUE RECEIVED I hereby assign the within note to the FIRST NATIONAL BANK OF HOPEDALE, OHIO, and guarantee the payment thereof at maturity, or at any time thereafter, waiving protest, demand, and notice of non-payment.

....

Customers of banks often give others permission to sign their checks and endorse items for deposit. Before paying such checks a bank should require written authority from the customer, authorizing such person or persons to sign and endorse his name to checks. For this purpose it is convenient to have a rubber stamp like the following, and using one of your own blank pass books, stamp the powers of attorney therein in the order in which they are given. Thus, such powers of attorney will be kept together in permanent form and may be readily referred to at any time:

...... HEREBY AUTHORIZE

....

To sign .... name to checks drawn against my account in THE FIRST NATIONAL BANK OF HOPEDALE, OHIO, and also authorize .... to endorse checks and collections to be deposited to .... account.

....

Checks, drafts, certificates of deposit, etc., are often lost, and when duplicates are issued the bank should be indemnified against any loss arising from the issue of the duplicate. A rubber stamp worded as follows and stamped on the back and at the top of the duplicate item will be sufficient to hold the succeeding endorsers liable for such losses:

IN CONSIDERATION of the payment of this duplicate ......, the original being lost, the endorsers of this check hereby jointly and severally agree to keep harmless and indemnified THE FEDERAL NATIONAL BANK OF UNIONVILLE, OHIO, its successors and assigns, of, and from and against all loss, damage, and expense of every name, character, and description in any way arising from or growing out of the payment of this check, without presentation of the original, and also to return to the said bank the original if found.

Application is sometimes made by the customers of smaller banks for a convenient and safe form of carrying their funds while traveling. For this purpose the various express companies and the larger city banks issue travelers' checks. A small bank, however, may by using the little rubber stamp below, convert their own drafts drawn on their New York correspondent into travelers' checks. The person to whom the draft is payable and the cashier both sign their names on the lines provided by the stamp at the time the draft is purchased. The payee endorses the draft only when presented at the bank to be cashed and

in the presence of the teller cashing the check. The waiver is stamped across the face of the draft, and the drafts may be issued in such denominations as are desired by the purchaser:

IDENTIFICATION waived if endorsement corresponds with the signature below.

....

.... Cashier.

Payments of part interest and principal are often made on notes. They are endorsed on the back of the note, and rubber stamps may be provided for the purpose, which are very convenient and which make a much neater appearance than the written endorsements. When a part of the principal is paid the date and amount of payment should be endorsed. The following shows a form of this stamp:

.... 19.. PAID ON THE WITHIN $......

When the interest or any part of it is paid, the endorsement should show the date of payment, the date to which the interest is paid, and the amount paid. The following stamp answers the purpose:

.... 19.. INTEREST PAID TO .... 19.. $......

Since the advent of the adding machine the pass book is now used exclusively for deposits in most banks. Formerly the debit page only was used for deposits, while on the credit page the customer entered the checks drawn against his account. Or if the customer did not do so, the bank did it for him, not only listing the amount of the checks, but also the date and to whom they were payable. This system became very burdensome to the clerical force of the bank, and should never have been imposed upon them.

Now, as a rule, the deposits only are entered on both the debit and credit sides of the pass book. When a book is balanced the deposits are totaled, the total checks set down below, and the difference between the two being the balance, is entered on the line below. The canceled checks are listed on the adding machine and surren the slip.

Balancing the pass books i of course, requires a certain ruling, which by use of the ru form below may be accompl single stroke:

....

Total Deposits

Less total checks surrendered

Balance

It may require conside suasion to induce the custom banks, who have long been i of listing their checks on books, or having the bank to desist from the practice rubber stamp such as the stamped in the front of the assist in accomplishing the sult:

DO NOT ENTER CHECKS BOOK.

Many country banks do sufficient number of collater justify having printed a sup ular collateral form of note. stamp, worded as follows ar on the face of a regular not vert it into a collateral form:

...... hereby pledge as coll rity to the within note the follov ty, authorizing the bank to sell private or public sale withou ment or notice, upon the non-per this promise:

....

....

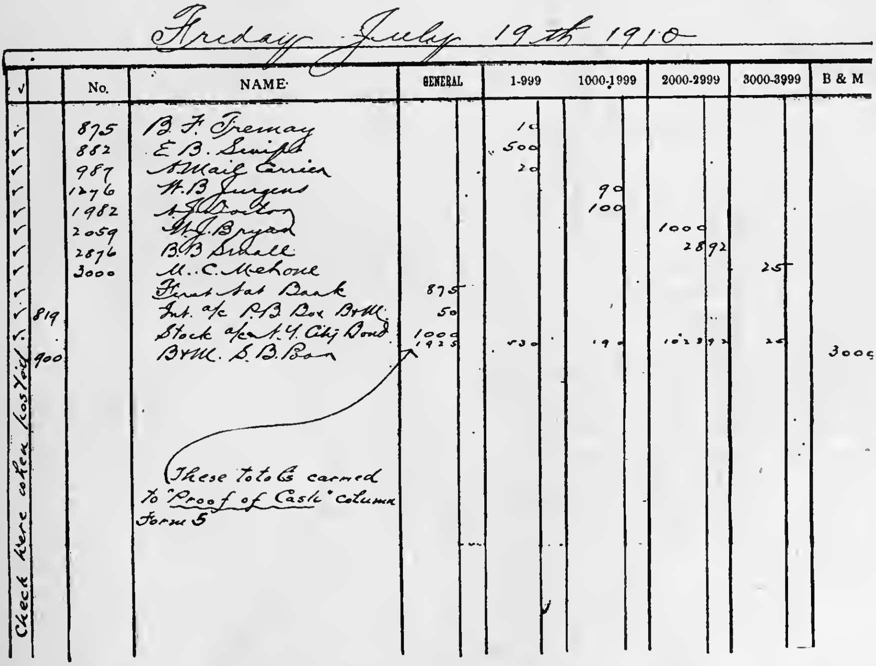
There are a number of stamp racks which makes it keep a large number of stam venient and orderly mann racks are usually fastened rows on the wall above the the rear of each stamp-holde placed an "index card," u should appear an impressi stamp belonging to the partic in which it is kept. If the thus properly indexed or la stamp can be almost instant and the return of the sta proper place is assured.

POSTING AND PROVING METHODS IN SAVINGS BANKS

By W. H. Kniffin, Jr.

AS a proposition in accuracy, all bookkeeping resolves itself into getting the right amount on the right account, and he is the ideal bookkeeper who never gets the wrong amount on the wrong account, or the wrong amount on the right account, or the right amount upon the wrong side of the right account.

The transactions of a large savings bank are multitudinous, and worst of all are spasmodic, coming like an avalanche during the interest periods and in the interim running more or less uniformly. The system must therefore be adapted to the rush periods as well as the slack times, and the force large enough to handle the work at its maximum, which makes the work much less trying during the quiet periods than is usally the case in commercial banks, where there is the daily grind of grist, which must be completed before the force is at liberty. This work is so nicely adjusted, that in a fifty-million-dollar bank in Greater New York it is no unusual thing to find the force at liberty within fifteen minutes after the doors have closed. In a



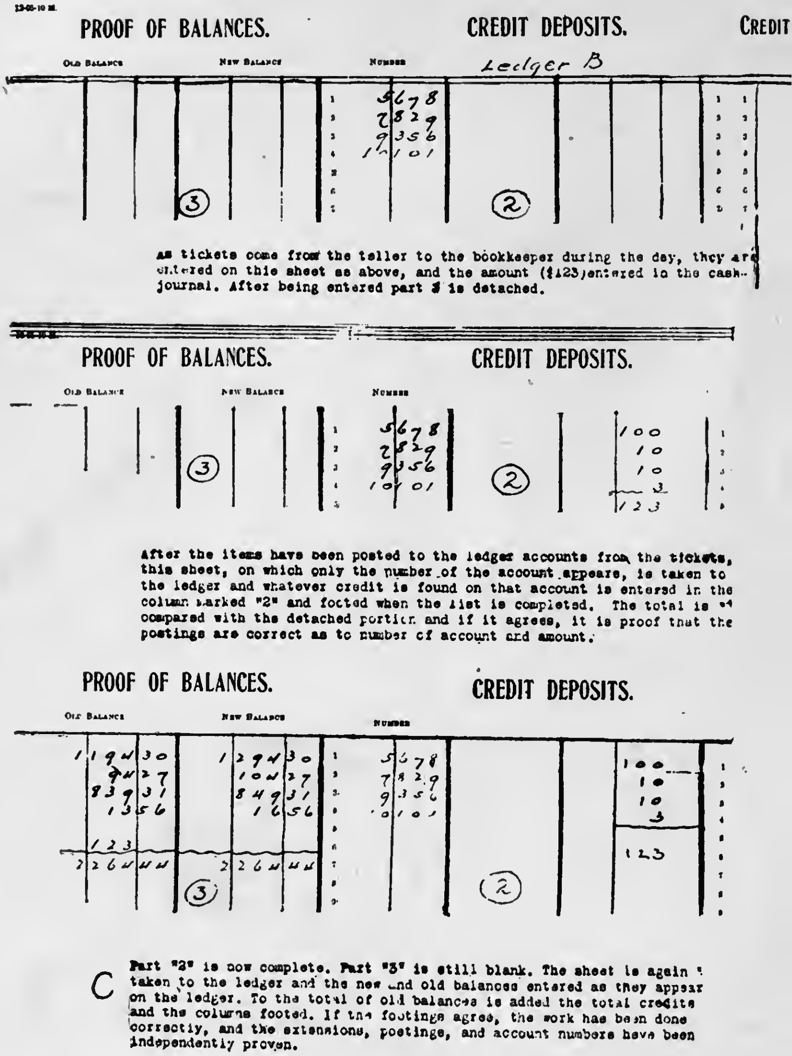
Friday July 19th 1910

✓		No.	NAME	GENERAL	1-999	1000-1999	2000-2999	3000-3999	B & M
✓		875	B. F. Tremay		10				
✓		882	E. B. Swift		500				
✓		987	A Mail Carrier		20				
✓		1276	W. B Jurgens			90			
✓		1982	A. J. Dalton			100			
✓		2059	W. J. Bryan				1000		
✓		2876	B. B Small				28 92		
✓		3000	M. C. Mehone					25	
✓			First Nat Bank	875					
✓	819		Int. a/c P. B. Box B & M	50					
✓			Stock a/c N. Y. City Bond	1000					
	900		B & M. S. B. Ban	1925	530	190	1028 92	25	3000

Check here when posted

These totals carried to "Proof of Cash" column Form 5

Form 1—The journal-cash through which all transactions are carried. All items on the general ledger are listed in the first column. The next four columns represent ledger groups, and may be expanded to take in as many accounts as may be thought advisable in order to expedite the work. Loans on bond and mortgage are entered in the "B" and "M" column. But this may be included in the general ledger column. If three thousand accounts were made on group, an ordinary book of this sort would provide for about fifteen thousand accounts. Beyond that, other systems here shown are better. This is admirably adapted to small banks.



Form 2—Coupon system of posting and proving

hundred-million-dollar bank, the work is generally completed within half an hour after the closing of the doors. Rush periods and interest times, of course, necessitate longer hours, but even these are not unduly extended. On a quiet day the transactions in a large bank will number a thousand, and on a busy one, in one of the largest New York banks are reported to have been over ten thousand.

The proposition that confronts every savings bank is to devise a system of posting and proving that will not per-

mit an error to get past t
check. If it does, it will g
at the next trial balance, a
with the trial balance is th
welcome visitor that can co
savings bank, large or small

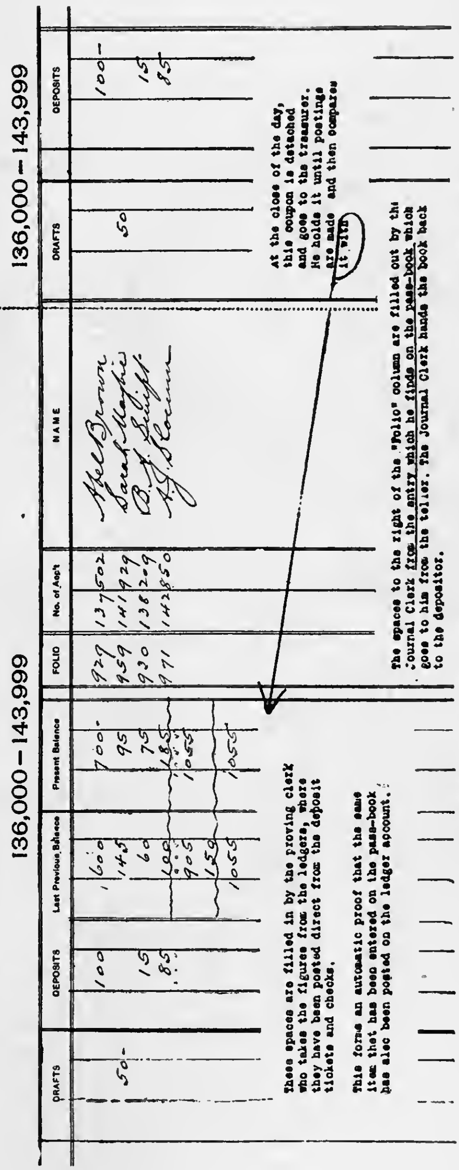
Accounting by Gro

The foundation of all post
is the grouping of the accou
is so generally the custom t
be taken as a settled sav
policy. At a meeting of the
tives of a majority of the sav

of New York and Brooklyn, held recently, this question was put, and it was found that all but one made this a practice,—that one being in a bank carrying about seven thousand accounts and considering them all one group, which is a serious mistake, as the grouping into smaller lots would be a decided advantage. Just how small the groups should be is a matter of opinion, but the smaller the bank the smaller can be the grouping, and in the case cited, groups of either two or three thousand would help materially in expediting the work. If ledgers are used, one ledger would naturally include a group, but if cards or loose leaf systems are in vogue, the accounts may be grouped numerically, as, for instance, 1—1,000; 1,001—2,000, and so on.

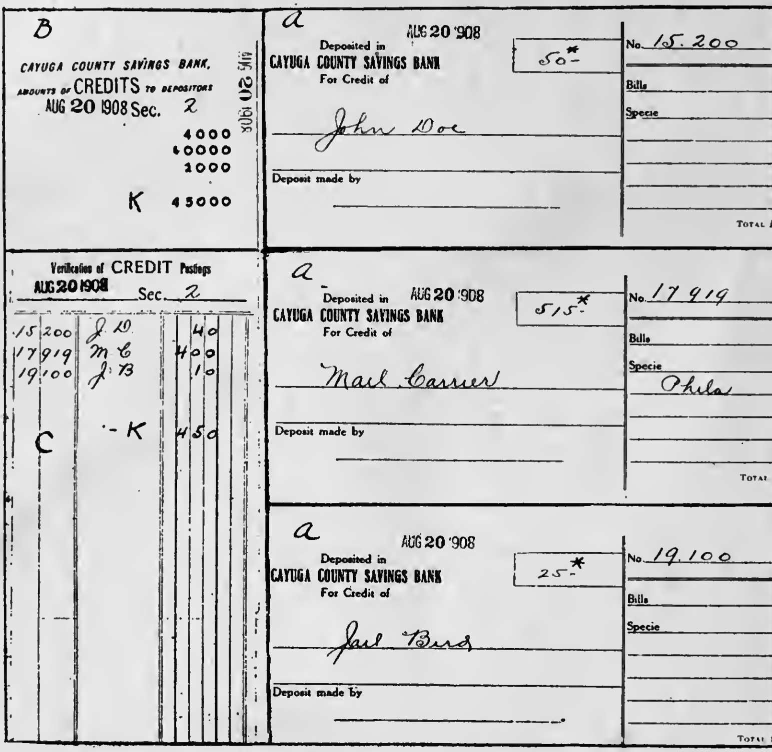
It is, of course, of utmost importance that the items be properly distributed to the various groups, or the system falls down. But by the coupon system, herein described, combined with postings direct from tickets, incorrect distribution is impossible. The classification is usually accomplished in one of three ways: First, through the use of the cash-journal (Form 1); second, through the distribution sheets used in connection with the coupon system of posting and proving (Forms 2 and 3); third, through miscellaneous methods, sample of which see Form 4. We shall discuss the first two methods in this paper; the last method being reserved for another number, in which will be found several plans in actual operation in savings banks.

Where a simple method is desired and the coupon system is not adaptable on account of the lack of clerical force, a better scheme could hardly be devised than the one presented below, which consists of a plan which retains all the good features of the journal method and eliminates all the undesirable. It is the custom in many banks before proving the cash transactions of the day to enter all drafts and deposits, together with the general ledger items, on the journal or cash book. Some banks run a deposit journal, a draft journal and a "general journal," to which the other items are carried before posting to the general ledger. By Form 1 it will be seen that before cash is proven by this method the permanent records in detail must be made. This is not or should not



Form 3—Coupon system of posting and proving, used in connection with pass-book

be necessary as a preliminary to proof of cash. In advocating the use of the teller's cash sheet as a counter proof of cash, the writer speaks from experience. If time is an element to be considered,



B

CAYUGA COUNTY SAVINGS BANK.
AMOUNTS OF CREDITS TO DEPOSITORS
AUG 20 1908 Sec. 2

4000
40000
1000

K 45000

Verification of CREDIT Postings
AUG 20 1908 Sec. 2

15200	J. D.		40
17919	M. C.		400
19100	J. B.		10
C	K		450

a AUG 20 1908
Deposited in
CAYUGA COUNTY SAVINGS BANK
For Credit of
John Doe
Deposit made by
50-*
No. 15.200
Bills
Specie
Total $

a AUG 20 1908
Deposited in
CAYUGA COUNTY SAVINGS BANK
For Credit of
Mail Carrier
Deposit made by
515-*
No. 17919
Bills
Specie
Phila
Total $

a AUG 20 1908
Deposited in
CAYUGA COUNTY SAVINGS BANK
For Credit of
Jail Bird
Deposit made by
25-*
No. 19.100
Bills
Specie
Total $

Form 4—Account grouping and proof posting by adding machine

EXPLANATION—"A"—"A"—"A" are three deposit tickets in section 2. "B" of the same items made on adding machine. "C" is the proof of posting. After ite on machine, they are listed *by number and initials only* on "C," and the amount en in total or itemized in the proper column of the journal. After postings are made, are entered from the ledgers on "C" and compared with adding machine total, agree postings have been correctly made. The slips for each section are pinned soon as assembled and added, and filed in this manner.

*** This is the amount shown on the pass-book after the present entry has been compared with ledger balance in proving.**

and accuracy as well, the use of this idea will accomplish both. It is quite generally used in commercial banks, and ought to be in savings banks as a quick and accurate proof. It ought not to be necessary to list every deposit by name and number and distribute to the proper group before the teller can satisfy himself that his cash is correct. At three o'clock he is, or ought to be, concerned that his work has been correct during the day,—let the permanent and complete record of his doings be chronicled later.

By referring to the preceding paper, several forms of teller's cash sheets will be found. No particular form is neces-

sary, as long as it totals the credits of the day. The fo Form 5 (reprinted from the number), has an added feat it is a proof also of the jour the same work. The proces lows: As the drafts and de in during the day, they ar *number and amount only,* *gard to the sequence of acco* debit and credit columns. A they can be posted to the cards if desired, or this m after journalizing. As soon are closed, the columns are credits are added to the ca as of the previous night, the

ducted, and the result is the amount called for. If by the rules of the bank, postings are required to be made the same day, this can be done direct from the tickets. The next morning these are assembled in their respective groups, and written up on the journal (Form 1). The totals of the journal are carried until the end of the month, and the difference between the debit and credit sides must give the same results as obtained on the teller's cash sheet. If these figures prove, it indicates that the items have been correctly entered. If not correctly entered, there will be a difference which will readily be found by checking from the teller's sheet. The ledger postings are checked back from the journal, and we have thus gone around a triangle, not having done the same work twice, nor having done a stroke of needless work. To post from *call* is highly dangerous, as many bank men will testify. The eye is more accurate than the ear, and wherever oral posting and proving is in vogue, the sooner it is abandoned the better for all concerned. Amusing and annoying errors have been traceable to this method, and it has nothing to recommend it. A study of Form 5 is sure to be attended by good results and will repay any bank running with but one teller.

The Coupon System of Posting.

This, of course, does not insure getting the amounts in the proper groups, and to verify this process nothing can be done but go over the journal columns and ascertain that the grouping has been properly done. This is but the work of a very few minutes. But the coupon system which we shall consider at length has so many advantages over all other schemes, and is in use in so many banks, that it would seem but a matter of time when the fundamental idea embodied in this system will be found in all savings bank posting systems. It will accomplish four very desirable things, viz.: (1) It insures getting the right amount on the right account and on the right side of the account. (2) It prevents wrongful grouping. (3) It will positively prevent an error in extending the balance. (4) It will insure that the same entry is made on the ledger as is made on the pass book.

The foundation of the whole scheme is "blind" work,—i. e., the clerk has nothing before him to make it easy to make errors in his postings. A study of Forms 2 and 3 is suggested in this connection, and what follows is based upon these forms.

The sheet, whatever the minor details may be, is divided roughly into three portions: (1) List of deposits (we are considering only the credit entries); (2) proof of posting; (3) proof of ledger extensions. Some banks omit the last named portion and use the first two only, verifying the balance by another process. Usually a sheet is used for each ledger or group of accounts. In the present case we have ledger "B" (Form 2). As the deposit tickets are received they are taken by the distribution clerk and entered upon the proper sheet, corresponding to the ledger or group to which the entry belongs. In the present case credits are on yellow sheets and debits on blue, and the deposit tickets and draft receipts correspond with the distribution sheets in color, and it is practically impossible to get a debit on a credit sheet, or vice versa. This clerk fills in the number of the account, *skips a column* and extends the amount on the perforated portion, which, after cash has been balanced, is detached and goes to the head bookkeeper or secretary. In some banks it is merely turned under. The items may be carried to the journal in bulk, or itemized, as in the process above described. Postings are made direct from original tickets to ledger. After postings are completed, another clerk (or in smaller banks the same one) takes the sheet, which now contains nothing but the number of the account, or in some cases the number and name and in others only part of the name, and turning to the account he puts down whatever he finds posted and at the same time, the new balance and the old one. In one large New York bank the posting clerk merely extends the

balance *as it will be* when the item is posted. The check clerk ascertains what amount will so affect the balance and puts its down, both on ledger and proof sheet. When his list is completed, the amount of the deposits is added to (in case of debits it would be deducted from) the old balance, and if the totals

TELLER'S CASH

HOME SAVINGS BANK Wednesday June 15

NO.	DEPOSITS	NO.	DRAFTS	OTHER ITEMS	
2365	1296 20	2139	70	Credit	Space for credit of interest on B & 171
2835	672 95	972	25		
1927	1000	376	16		
1327	6	295	65		
937	25				
1101	5				
1957	58				
2783	4				
2187	25				
1557	5 34				
2329	10 90				
2637	40 -				
2997	57				
				Debit Corn Ex	1672 95
Totals	3205 39		176		

PROOF OF CASH			
Balance on Hand June 14			3559 29
Deposits			3205 39
Other Credits			
Total			6764 68
Drafts	$176		
Other Debits	$1672.95		1848 95
Balance on Hand			4915 73
CASH ITEMS			
Currency 50s and 100s	1250		
20s	640		
10s	160		
5s	135		
1s and 2s	114		
Vault	1900	4199	
Silvers—Vault	345		
Counter	42 98	387 98	
Gold		65	
Checks		28 75	
		225	
		10	
Total			4915 73

PROOF OF
CREDITS
Ledger 1
2
3
4
5
General
B. & M.
Total
DEBITS
Ledger 1
2
3
4
5
General
B. & M.
Total
Balance
Aggregate Deposits
Day Credits
Evening "
Total
Day Debits
Evening "
Total
Increase
Decrease

Form 5—Teller's proof of cash

(*Reprinted from September number*)

agree, the work has been correctly done. The total credits must equal the total on the detached portion equal the total on the detached portion and the "proof of balance" columns equal each other, with the additions or deductions mentioned above (Form 2). This absolutely insures that the correct amount has gone on the proper account, on the proper side of the account and that the extensions are correct. If improperly grouped, the posting clerk *will* *not find* the item on that may, of course, post an it gross carelessness on ledger should have gone on ledger the wrong account, or got mixed, etc., and if so, noth show up until trial balance there will be found an unch

No system will prevent ca gling.

To *insure* that the *same it* the ledger as appears on the some banks, instead of transc the tickets to the distribu make these entries *from the* The book goes from the te distribution clerk, who enter proper sheet *whatever he fi* *book.*

This is a very good plan exceedingly well. It neces

course, additional clerks, but the accuracy is well worth the cost. In the next paper, the abstract discussion of this subject will give place to concrete examples of these ideas, worked out in practice in several banks in different parts of the country, and will be well worth the reader's attention.

THE POSTAL SAVINGS BANK SOON TO BE A REALITY

ACCORDING to present indications, before the close of the present year the United States will have entered upon what promises to be one of the experiments of its history. Having ex-
experiment of its history. Having existed for nearly a century and a quarter without a bank in every postoffice, and without this useful appendage, having made a "considerable degree" of progress, it is now to launch out as banker-to-the-people, and endeavor to promote habits of thrift and industry among the masses, and incidentally settle some of its troublesome bond problems. The former is to be accomplished not only by placing a bank at every cross roads postoffice, as aforesaid, but by offering the thrifty citizen (aliens, also) security absolute and two per cent. interest. The latter object is to be gained by using the funds, or part of them, to retire the three per cent. bonds, and it is expected that the first $63,000,000 "thrift money" will be so used. The depositor may also, if he wishes, buy bonds of the Government in multiples of twenty dollars, the obliging postmaster assisting him to that end.

The initial appropriation ($100,000) is utterly inadequate to more than formulate plans and open a few experimental stations, but the Postmaster-General promises that a few such will be in operation within a few months. It is doubtful if the larger cities, like New York and Chicago, will be covered at the beginning, on account of the lack of funds.

The management of the system will be under the supervision of the Postmaster-General, the Secretary of the Treasury and the Attorney-General, whose pleasant duty it will be devise a scheme to handle the multitudinous details that attend such a vast undertaking. The clerical work of receiving and paying money, making proper entries both at the office of deposit and at headquarters, the internal system of audit and the selection and designation of depositories will call for a large amount of labor. It is understood that the systems of some of the largest savings banks have been investigated, in order to ascertain the adaptability of the methods there in vogue to the Postal System. The experience of other countries where postal banks are now in operation will, of course, furnish the groundwork for the general administrative details. The proposition that confronts the Board of Managers is not *how* to get the money,—that will take care of itself, and no advertising expert need be employed to inaugurate an advertising campaign; but the perplexing question is how to handle it from a bookkeeping standpoint.

It is understood that the pass book, so familiar to savings bank depositors, and quite universally used, both in banks and postal systems, will give way to a certificate of deposit, the nature of which has not been fully decided upon.

Small deposits will be accepted through the "stamp system," and no one will be permitted to deposit more than $100 in any month, nor to have more than $500 to their credit at one time. Payment of principal and interest is assured by pledge of the faith of the United States.

The funds are to be deposited in State and national banks in the communities in which the deposits are received at two and one-quarter per cent. Five per cent. of the total deposits is to be held in the Treasury as a reserve guaranty fund. The applications from banks de-

siring to act as such depositories, and the requests from postmasters asking that their offices be made postal depositories, demonstrate, in a measure, the demand for such an institution.

A recent report of the Treasury Department states that 566 postmasters have asked to be designated depositories, and the number of banks reaches over 1,100. As was contemplated at the beginning, the Middle West takes the lead in this demand, closely followed by the South and Far West. Pennsylvania, which now has but thirteen strictly savings banks and more than 1,400 building and loan associations, heads the list with forty-five postmasters and 125 banks; Minnesota, with fourteen savings banks, responds with forty-six postmasters and sixty-eight banks; Ohio, forty-nine offices and sixty-eight banks; Illinois, which now has no strictly savings banks, shows thirty-three postoffices and fifty-seven banks; Wisconsin, twenty-five postoffices and sixty-one banks. A report of the same nature issued about August 1, showed that only four and four-tenths per cent. of the applications came from the New England States, while New York State presented but eighteen requests from postmasters and thirty-eight applications from banks. Texas comes forward with thirty-seven postoffice requests and forty-four bank applications.

The dearth of applications from New York and New England is to be expected, for this section is the home of the mutual savings bank. Of the 642 mutual savings banks, as given in the last report of the Comptroller of the Currency, nearly six hundred are in these States. While the field is not fully covered, as, for instance, in New York, where about one-half of the counties have no such institutions, the present savings banks are so well and favorably known and cover such a wide territory that together with the savings departments in banks and trust companies they afford ample savings facilities, and no urgent demand for postal savings banks has manifested itself. Doubtless, in the large cities, the foreign population, accustomed to look upon the government as its banker, will make free use of this innovation, and leave their money in the country where they earn it —at least, let us hope so.

The effect upon existing banks is problematical. Many savings banks men are of opinion that once the saving habit is formed, and the people become acquainted with the earning power of money, they will become dissatisfied with a two per cent. return and turn to the regular banks where larger income may be obtained. It will, no doubt, draw millions out of hiding, some of which will remain on deposit, some will go into bonds and some into other banks.

HAS LIST OF BAD BANKERS

Comptroller Murray Watches The Undesirables

HON. LAWRENCE O. MURRAY, Comptroller of the Currency, addressing a convention of the National Association of Supervisors of State Banks, which was held in Washington, September 12, 13 and 14, proposed to them a working co-operation with the national bank examiners. He declared he had in his office a list of men who as officers of national banks had proved incompetent and had been removed from office, and said that if any of them should make application to organize State banks their names would be furnished to the State banking authorities. In turn he proposed that the State supervisors should furnish to the national system the names of men who had been driven out of the State banks.

During the last eighteen months, the Comptroller said, he had refused 108 applications to form national banks because the men behind them had been found incompetent or dishonest; that there was not enough business to make the proposed institutions profitable, or that the applicants were men without standing within their communities.

Weak banks and failures, said Mr. Murray, almost always come from banks which should never have been chartered. The practice of concealing liabilities was growing fast, he said, and he described a system which he believed was quite general and which he intended to investigate.

RECENT DECISIONS OF INTEREST TO BANKERS

WRONGFUL REFUSAL TO PAY CUSTOMER'S CHECK—AMOUNT OF DAMAGES.

THIRD NATIONAL BANK OF ST. LOUIS *vs.* OBER.

UNITED STATES CIRCUIT COURT OF APPEALS, EIGHTH CIRCUIT, APRIL 11, 1910.

Where a depositor's check is dishonored when he has funds on deposit to meet it, he has a right of action against the bank for a violation of his legal rights, and is entitled to recover at least nominal damages.

If he is a merchant or trader, it will be presumed without futher proof that substantial damages have been sustained; but in other cases special damages must be alleged and proved.

Before Hook and Adams, Circuit Judges, and Amidon, District Judge.

HOOK, *Circuit Judge:* This was an action by William A. Ober to recover damages of the Third National Bank of St. Louis for its failure to pay a check drawn by him on his account. He obtained a judgment, and this writ of error was prosecuted.

Ober, who lived in Natchez, Miss., had a small account with the defendant bank at St. Louis, Mo., and wishing to transfer a part of it to his home bank, he drew a check in its favor for $50. At the time his account with defendant had a credit balance of $122.14. When in due banking course the check was presented, defendant refused payment on the ground that Ober's account had been withdrawn. The check was protested for non-payment. There was no malice or ill will in the action of defendant. It was due solely to a clerical error of a bookkeeper. Ober was not a merchant or trader. He sued for the protest fees, and for general damages to his honor, truth and business standing. Aside from the protest fees, no special damages were alleged in his petition, and the evidence at the trial disclosed none. He received a verdict and judgment for $500.

The trial court refused defendant's request that the jury be instructed to confine their verdict to the protest fees and interest. It then instructed them substantially as follows:

There is no evidence that defendant acted maliciously in refusing payment of the check, nor that plaintiff sustained special damage. If there was evidence of this character, you would be justified in awarding substantial damages. As there was no malice, but only a bookkeeper's mistake, and as special damages are not shown, the question is: What is the measure of damage? The plaintiff is entitled to recover the protest fees "and such other damages as under all the evidence in the case you may believe he is entitled to. * * * You are all business men, and I am disposed to leave the question entirely to your decision and judgment, without any special comment, only saying to you, however, that you ought not limit your verdict to nominal damges, but to give the plaintiff such temperate damages as you, in your judgment, may deem to be reasonable compensation for the injury he sustained by dishonoring his check. As to this you are the sole and exclusive judges."

The jury retired and returned into court for further explanation of the instructions, saying:

"We want to know whether we are required to give plaintiff some substantial damages."

The court responded that the instructions meant:

"There should be no excessive damages, and not mere nominal damages; that the jury should award such damages as they believe from all the circumstances plaintiff is entitled to."

Appropriate exceptions were taken by defendant. As already observed there was a verdict for $500.

With some exceptions the underlying

principle of the law of damages is compensation for the injury done. In cases of malice, willful wrongdoing, a conscious disregard of the rights of others, and the like, an additional award may be given by way of punishment. Again, every invasion of a legal right is presumed in law to cause an injury, and, though none is shown, there may nevertheless be a recovery of nominal damages, with costs of the action. Such a recovery is a judicial recognition of the right and an admonition that it cannot be invaded with impunity. The relation between banker and depositor is one of contract. The right of the latter is that, to the extent of his credit balance subject thereto, his checks drawn and presented according to the customs and usages of the business shall be promptly honored. For a breach of this right an action for damages will lie. If the depositor is a merchant or trader, it will be presumed, without further proof, that substantial damages have been sustained. (Schaffner vs. Ehrman, 139 Ill. 109; James Co. vs. Bank, 105 Tenn. 1; Svendsen vs. Bank, 64 Minn. 40.)

This rule proceeds upon the fact, commonly recognized, that the credit of a person engaged in such a calling is essential to the prosperity of his business, and the dishonoring of his checks is plainly calculated to impair it and to inflict a most serious injury. In common opinion, substantial damage is the natural and probable consequence of the act, and therefore a substantial recovery may be had, without pleading or proof of special injury. A leading case upon this subject is Rolin vs. Steward, 14 C. B. 595, 23 L. J. C. P. 148. It was one of the dishonoring of the checks of merchants or traders. In one of the opinions, Williams, J., said:

"As to the alleged misdirection, I think it cannot be denied that if one who is not a trader were to bring an action against a banker for dishonoring a check at a time when he had funds of the customer in his hands sufficient to meet it, and special damages were alleged and proved, the plaintiff would be entitled to recover substantial damages. And when it is alleged and proved that the plaintiff is a trader, I think it is equally clear that the jury, in estimating the damages, may take into their consideration the natural and necessary consequences which must result to the plaintiff from the defendant's breach of contract, just as in the case of an action for a slander of a person in the way of his trade, or in the case of an imputation of insolvency on a trader, the action lies, without proof of special damage."

On the other hand, if the depositor is not a merchant or trader, there is no such presumption of substantial injury, and his recovery should be a nominal one, unless he pleads and proves some special damage. (Bank of New South Wales vs. Milvain, 10 Vic. L. R. [Law Cases] 3; Burroughs vs. Bank, 87 Hun. 6, affirmed without opinion, 156 N. Y. 663.) Upon this latter proposition there is confusion and conflict in the decisions of the courts, due in large part to the undiscriminating application of Rolin vs. Steward to cases wholly unlike it in the important particular mentioned. But we think the rule stated is more in accord with the fundamental principles of the law of damages.

Counsel contends that the presumption arising in the case of a merchant or trader is merely that he possesses credit, and that when the depositor is not a merchant or trader the fact not presumed may be established by proof, and the same right to substantial damages would then follow. The character of the presumption is misconceived. It is not so much the possession of credit, as it is that substantial injury thereto has been inflicted by the dishonoring of the check. The very reason for allowing general substantial damages to a merchant or trader, without a showing of special injury, implies a contrary rule, generally, as to those not of that class. A mere technical violation of a right is no just basis for a recovery of general and substantial damages, where no actual injury is shown, and none appear to follow as the natural and probable

consequences of the act. In the case before us there was no averment of particular circumstances or special injury, aside from the protest fees, and none were proved. On the contrary, witnesses of plaintiff, who knew of the dishonoring of his check, testified that his credit was not injured. We think the court erred in instructing the jury that the verdict should be for more than the protest fees and nominal damages.

The judgment is reversed, and the cause remanded for a new trial.

CHECK PAYABLE THROUGH A DESIGNATED BANK—RIGHT OF DRAWEE BANK TO REFUSE PAYMENT WHEN OTHERWISE PRESENTED.

FARMERS' BANK OF NASHVILLE vs. JOHNSON, KING & CO.

SUPREME COURT OF GEORGIA, MAY 11, 1910.

Where a check was drawn on a bank located in another town than that in which the drawer resided, and immediately following the direction to the drawee bank, which was in the lower left-hand corner of the check, there were stamped, at the time when the check was drawn, the words "Payable through [a named bank in another city of the same State] at current rate," this was a material part of the direction; and the drawee bank was not required to pay the check when not presented through the bank thus named, but directly by a third bank.

Under such circumstances, if the third bank, which held the check, presented it to the drawee bank, and the latter indorsed on it the statement that it would be paid when presented through the named bank, this did not authorize the bank holding the check to have it protested.

For the holder of a check to unlawfully cause a protest of it to be made, and notice to be given to the drawer and indorsers, without proper presentation for payment, according to its terms, furnishes a cause of action to the drawer.

JOHNSON, KING & CO., a corporation doing business in Macon, brought suit for damages against the Farmers' Bank of Nashville, Ga. The petition as amended alleged as follows: On December 30, 1905, the plaintiff issued a check, of which the following is a copy: "Johnson, King & Company, $62.00. No. 1044. Macon, Ga., Dec. 30th, 1905. Pay to the order of Hawley & Hoops, sixty-two and 47-100, $62.47 dollars. Johnson, King & Co., by Jno. C. Holmes. V. P. & Gen. Mgr. To Bank of Nashville, Nashville, Ga. Payable through the Citizens' Bank of Valdosta, Valdosta, Ga., at current rate."

On the same date the plaintiff issued three other checks drawn on the Bank of Nashville, similar in form to the one above, and differing only as to amount and the name of the payee. The words, "Payable through the Citizens' Bank of Valdosta, Valdosta, Ga., at current rate," were stamped on each check.

The checks were presented to the Bank of Nashville, at Nashville, Ga., by the Farmers' Bank of Nashville, Ga.; three of them being presented on January 8, 1906, and one on January 6, 1906. Upon presentation the Bank of Nashville entered on the back of the checks, "Will pay when presented through the Citizens' Bank of Valdosta, Georgia."

Thereupon the Farmers' Bank of Nashville caused the checks to be protested, each protest bearing the same date as the presentation for payment; and notice of dishonor was sent to certain indorsers and to the drawer. The Bank of Nashville never refused to pay the checks, but, through its officers, stated to the Farmers' Bank of Nashville that it objected to the manner in which the checks were presented, it being different from the terms expressed on their face, and that they would be honored when presented through the Citizens' Bank of Valdosta.

At the time when the checks were drawn, and when presented to the Bank of Nashville by the Farmers' Bank of Nashville, the plaintiffs had a sufficient amount of money on deposit in the Citizens' Bank of Valdosta, subject to check, for their payment. The plaintiff had an arrangement with the Bank of Nashville by which all checks drawn on that bank would be paid if presented through the Citizens' Bank of Valdosta.

The Farmers' Bank of Nashville willfully disregarded the terms of the

checks, which were that they were "payable through the Citizens' Bank of Valdosta, Valdosta, Ga., at current rate," and, for the purpose of casting suspicion upon the credit of the plaintiff before the commercial world, protested the checks and thereby damaged the plaintiff. The protest was made for the purpose of causing the plaintiff to become offended with the Bank of Nashville, and of forcing it to become a depositor with the Farmers' Bank of Nashville and its associates. The defendant demurred to the petition. The demurrer was overruled, and the defendant excepted.

Lumpkin, *J.* (after stating the facts as above): A story is told of a distinguished writer on the subject of negotiable instruments, to the effect that, when he was asked what first suggested to him the idea of preparing such a work, he answered that he became interested in the question as to whether a demand was necessary in order to enforce by suit a promissory note or acceptance payable by its terms at a specified place, and that the extensive inquiry on this subject into which he was led suggested to him the utility of a new work on negotiable instruments.

The story further proceeds that, when the inquirer asked him whether such a demand was necessary, he humorously replied that he had forgotten. Whether this is without foundation or not, it serves to indicate the wealth of inharmonious learning which has been lavished upon a question which, at first sight, would appear to be quite narrow. Much of the conflict in authorities has arisen over the question whether, in an action against the maker of a promissory note or the acceptor of a bill of exchange payable at a particular place, it was necessary to aver and prove a demand at such place.

In England the authorities were divided on the subject of such acceptances. The Court of King's Bench held that where there was an acceptance payable at a specified place it was not necessary to allege or prove demand at that place, in a suit against the acceptor. The Court of Common Pleas, on the other hand, held that this made a qualified acceptance, and that presentment at the place stipulated must be averred and proved.

In 1820 the case of Rose vs. Young, 2 Brod. & Bing. 165 (6 E. C. L. 83), came before the House of Lords. It was there decided that, where the acceptance named a place of payment, demand at such place must be averred and proved.

In the following year an act of Parliament was passed on the subject, declaring that an acceptance payable at a banker's or other specified place, without more, should be deemed a general acceptance; but if it were expressed to be payable at a banker's or other place "only, and not otherwise or elsewhere," it would be a qualified acceptance. This statute did not deal with promissory notes, and some of the decisions make a distinction as to them, where the place of payment was named in the body of them.

In this country a contrary doctrine to that declared by the House of Lords was laid down by the Supreme Court of the United States in the case of Wallace vs. McConnell, 13 Pet. 136, 10 L. Ed. 95. It was held in that case that in actions on promissory notes against the maker, or on bills of exchange against the acceptor, where the note or bill is made payable at a specified time and place, it is not necessary to aver in the declaration, or prove on the trial, that a demand for payment was made, in order to sustain the action; but, if the maker or acceptor was at the place at the time designated and was ready and offered to pay the money, it is matter of defense, to be pleaded and proved on his part.

This decision has been generally followed in America, and the ruling has been adopted in this State. Dougherty vs. Western Bank of Georgia, 13 Ga. 287. It was said by this court that the defendant may plead readiness to pay at the place stipulated, or damages sustained by him in consequence of the neglect or omission to make the demand, and, upon proof of his plea, the

defendant shall be exonerated to the extent of the damages which he has sustained.

It will be observed that the decisions above mentioned have reference to a case in which the acceptor of a bill of exchange or a maker of a promissory note is sued, not to questions involving the liability or release of indorsers or drawers of accepted bills.

In many respects a check is like an inland bill of exchange; but there are some differences. A "check" has been defined to be "a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds for the payment at all events of a certain sum of money to a certain person therein named, or to him or his order, or to bearer, and payable instantly on demand." (2 Daniel on Negotiable Instruments [5th Ed.] § 1566.)

A check does not have to be accepted upon presentment, but paid, if good and if properly presented. One of the differences between a common check and an ordinary inland bill after its acceptance is in relation to the drawer. In the former, the drawer is the principal debtor, and the check purports to be made upon a fund deposited; in the latter, the acceptor is the principal debtor. The negligence of the holder of a check in not making due presentment, or as to giving the drawer notice of dishonor, does not absolutely discharge him from liability except to the extent to which he may have suffered loss or injury by reason of such negligence.

These principles have been stated because citations have been made of cases which arose under them. They do not, however, fully cover the present case. Here the drawee of a check was a bank in a different place from where the check was drawn and the drawer resided. The direction to the drawee bank was at the left-hand lower corner of the check, and immediately under it were the words, "Payable through the Citizens' Bank of Valdosta, Valdosta, Ga., at current rate." The check was not forwarded through the Valdosta Bank, but came into the possession of a bank in Nashville, Ga., the place where the drawee bank was located, and was thus presented to it.

Whether the check was deposited with such demanding bank, or sent to it for collection, or how it became the holder, is not stated. On presentment, the drawee bank indorsed on the back of the check these words, "Will pay when presented through the Citizens' Bank of Valdosta." Thereupon the check was protested for non-payment, and suit to recover damages was brought by the drawer against the collecting bank, which caused the protest to be made, on the ground that such protest was wrongful and was maliciously made.

Two questions are involved: (1) Whether the words, "Payable through the Citizens' Bank of Valdosta," etc., formed a part of the check, which the drawee bank was bound to regard, or which it had the right to disregard. (2) Whether this direction required payment through the Valdosta Bank, or whether it was merely permissive, so that payment could be demanded through that channel or directly from the drawee bank of Nashville. If the presentment to the drawee was required to be made through the Valdosta Bank, then the drawee had the right to decline payment except upon presentment in that manner; and if the bank holding the paper refused to recognize such reason for non-payment on presentment by it, and caused the check to be protested, and notice to be given, this was unwarranted.

It was contended that the words, "Payable through the Citizens' Bank of Valdosta," etc., followed the signature, and formed no part of the check, but amounted merely to a memorandum, which the holder of the check did not have to regard. In England there is a well-known usage, which has now been made the subject of an act of Parliament, for the drawer or holder of a check to "cross" it with the name of a banker.

In 2 Daniel on Negotiable Instruments (5th Ed.) § 1585a, it is stated that the effect of this was, "before the

statute which now exists, a direction of the drawee bank to pay the check to no one but a banker; or rather, according to the cases, with only a caution or warning to the drawees that care must be used, in paying it to any one else."

In 1 Morse on Banks & Banking (4th Ed.) § 245, it is said: "In this country the system of 'crossed checks,' strictly so called, is unknown. But of late the germ of a similar custom has begun to manifest itself. Occasionally checks have stamped or written upon them some form of words which is intended to secure their payment exclusively through the clearing house. No especial form has as yet been generally accepted, and the legal effect of none of those in use has ever been passed upon. It is safe to say, however, that there is no question but that the drawer could embody in his order a direction to his bank to pay only upon presentation of the instrument in the usual course through the clearing house, and that such a direction would be as valid and as binding upon the bank as a direction to pay only to the order of a particular person.

"If the check be payable to the order of A. B., it is probable that the privilege of including such instructions in his order, when indorsing over, might be accorded to him, certainly indorsements in this form are very frequent, and no bank would be safe in disregarding them. Supposing the direction to be properly given, the collecting and the paying bank must both respect it, and the English cases above mentioned would be precedent directly in force. It would amount to an express designation by the drawer, or the payee, of the manner alone in which payment is authorized to be demanded or made."

A check being in the nature of an order on a bank or banker to pay a certain sum purporting to be on deposit, there would seem to be no reason why the drawer could not direct the bank to pay only when presented through a specified channel or by a particular person or bank. The drawer is not compelled to make the check payable to bearer or order. Likewise, no sound reason is perceived why, in giving direction to the bank of deposit, he cannot make an addition to the mere order for payment.

If the person to whom the check is delivered is not willing to accept it with such direction, he cannot reject it; but if he accepts it payable only through a particular bank, or through a particular banker, he cannot insist that the bank on which it is drawn must disregard this direction given to it by its depositor on the face of the paper. No ground has been suggested why such a direction by one to his banker, in ordering the latter to pay money, is illegal or unreasonable; the banks being in the same State and not far distant from each other.

The case in hand does not present the question of whether the drawer of the check has been wholly or partially discharged by negligence or delay in presentation, but whether, in giving direction to his banker to pay the check, he can lawfully direct payment to be made through a certain medium, and whether the bank, when so instructed, is bound to disregard such direction at the demand of another collecting bank.

In Nazro & Green vs. Fuller, 24 Wend. 374, it was held that an alteration of a promissory note by the payee thereof, so as to make it purport to be payable at a particular place, vitiates it in the hands of an indorsee, so that he cannot recover upon it in an action against the maker; and that, if it be doubtful whether it be an alteration of a note or a mere memorandum by the payee indicating where demand for payment should be made to charge him as indorser, the question, it seems, should be submitted to a jury.

In Warrington vs. Early, 2 Ellis & Black. (75 E. C. L. 763), a promissory note was made payable six months after date, "with lawful interest." After it had been signed, without the assent of the maker, but with the assent of the holder, there was added, in the corner of the note, "interest at six per cent. per annum." It was held that this addition materially altered the contract, and that the holder could not recover on the note against the maker.

As to alterations in written contracts in this State, see Civ. Code 1895, §§ 3702, 3703; Gwin vs. Anderson, 91 Ga. 827; Hotel Lanier vs. Johnson, 103 Ga. 604; Pritchard vs. Smith, Stewart & Co., 77 Ga. 463. See, also, Woodworth vs. Bank of America, 19 Johns. 391; Polo Mfg. Co. vs. Parr, 8 Neb. 379; Farmers' Bank of Kentucky vs. Ewing, 78 Ky. 264; Wait vs. Pomeroy, 20 Mich. 425, 4 Am. Rep. 395; 1 Daniel on Negotiable Instruments (5th Ed.) §§ 149, 150, pp. 173, 174, and citations; 4 Am. & Eng. Enc. L. (2d Ed.) 137 (11), 140; McCalla vs. McCalla, 48 Ga. 502; Mayor and Council of Griffin vs. City Bank of Macon, 58 Ga. 584.

It is commonly stated that the contract must be collected "from four corners" of the document, and no part of what appears there is to be excluded; and Mr. Daniel, in his work on Negotiable Instruments, has somewhat broadly declared that, as indorsements are made on the back of a negoitable instrument, it might be said that the purport of the instrument is to be collected from "the eight corners." 1 Dan. Neg. Inst. (5th Ed.) § 151, p. 175.

A distinction is sometimes made between an entry upon a note or check at the time when it is made, and which is intended as a part of it, and a mere memorandum made by some person for convenience, and forming no part of the instrument. In the case before us the direction immediately follows the name of the drawee bank. From the allegations of the petition it appears to have been placed there when the check was drawn, as a part of the direction to the bank. It was a material part of such direction, and the drawee bank had the right to decline to disregard it.

It was argued that the statement that the check was "payable" through the Valdosta Bank did not indicate the exclusive method of collection, but gave to the holder an option to present it through that medium or through any other medium to the Nashville Bank. If a negotiable instrument is payable at one of two banks, it may be presented for payment to either. The word "payable" has been defined as follows: "That may, can, or should be paid; suitable to be paid; that may be discharged or settled by delivery of value; matured; now due." Webster's Dictionary.

As commonly employed in commercial paper or contracts, in stating the time or manner of payment, the word "payable" does not give to the debtor an option or privilege of paying at such time or in such manner, but signifies that payment is to be thus made. If it should be stated in a note or bill of exchange that the amount mentioned was payable in thirty days, clearly the expression would mean that such amount was to be paid at that time, not merely that the debtor might then pay it. So if an obligation should be declared to be payable in gold coin of a certain fineness, it would mean that it was to be thus paid.

And so numerous illustrations might be given. A direction in a check to the drawee bank that it is "payable" through another named bank means that it is to be paid in that way. (City of Alma vs. Guaranty Savings Bank, 60 Fed. 203, 80 C. C. A. 564; Cate vs. Patterson, 25 Mich. 191, 194; Johnson vs. Dooley, 65 Ark. 71; Easton vs. Hyde, 13 Minn. 90 [Gil. 83]; Webster vs. Cook, 38 Cal. 423.) Taken in connection with the direction from the drawer of the check to the drawee bank to pay a certain sum, the addition meant that the sum was to be paid through the Valdosta Bank.

It follows, from what has been said, that under the allegations of the petition, the drawee bank had a right to decline to pay the checks until presented through the Valdosta Bank, and that, upon its entering upon the back of the check that it would pay when so presented, the collecting bank was not authorized to cause the check to be protested and notice to be given. It was therefore not erroneous for the trial judge to overrule the demurrer to the petition. We have not discussed the motive which it was alleged actuated

the collecting bank in causing the protest to be made, as without it we hold that the petition set out a cause of action. (Atlanta National Bank vs. Davis, 96 Ga. 334, 23 S. E. 190, 51 Am. St. Rep. 139; Hilton vs. Jesup Banking Co., 128 Ga. 30, 57 S. E. 78, 11 L. R. A. [N. S.] 224; State Mutual Life Association vs. Baldwin, 116 Ga. 855, 43 S. E. 262.)

Judgment affirmed. All the Justices concur.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A.. L.L.B., Barrister, Toronto]

BANKING—SECURITY FOR DEBT—ASSIGNMENT OF LEASE—TRANSFER OF BUSINESS—OPERATION OF BANK.

THE ONTARIO BANK VS. CHAS. B. MCALLISTER AND JANE B. MCALLISTER (S. C. R. [43], 338.)

By Section 76, sub-section 1 (d) of "The Bank Act" (R. S. C., 1906, ch. 29), a bank may "engage in and carry on such business generally as appertains to the business of banking"; by sub-section 2 (a) it shall not "either directly or indirectly . . . engage or be engaged in any trade or business whatsoever"; section 81 authorizes the purchase of land in certain cases, of which a direct voluntary conveyance by the owner is not one.

Held, affirming the judgment of the Court of Appeal (17 Ont. L. R. 145), Duff and Anglin, JJ., dissenting, that these provisions of the Act do not prevent a bank from agreeing to take in payment of a debt from a customer an assignment of a lease of the latter's business premises and to carry on the business for a time with a view to disposing of it as a going concern at the earliest possible moment.

THE McAllister Milling Company were indebted to the Ontario Bank in approximately the sum of $70,000, and certain agreements were entered into whereby the company surrendered to the bank all their title and interest in their assets, including their leases, and the bank practically carried on the business as a going concern for some time, in the hope of realizing their indebtedness. After the business was discontinued, the landlord claimed rent under the lease from the plaintiffs, McAllister, who asked in this action that the bank indemnify them against payment of such rent. Almost the only legal point involved was as to the validity of the whole agreement, being claimed on behalf of the bank (since become insolvent) that the whole transaction was ultra vires. The Court of Appeal for Ontario did not sustain this decision and the matter came before the Supreme Court of Canada.

JUDGMENT (Sir CHAS. FITZPATRICK, *C.J.*, and DAVIES, IDINGTON, DUFF and ANGLIN, *J.J.*): The following is from the judgment of Mr. Justice Davies: I confess that I have had great difficulty in making up my mind whether or no the transaction now impeached as ultra vires of the bank was so or not. I am even yet by no means free from doubt, but my conclusion is that, considering its real nature, object and purpose, the impeached transaction may be held to be one of those which may be fairly and reasonably implied as being within the general powers given to the bank by sub-section (d) of section 76 of the "Bank Act," and as not being within the excepted prohibitions contained in sub-section 2 (a) of that section.

The section reads:

The bank may . . .

(d) engage in and carry on such business generally as appertains to the business of banking.

(2) Except as authorized by this Act the bank shall not, either directly or indirectly,

(a) deal in the buying or selling, or bartering of goods, wares and merchandise, or engage or be engaged in any trade or business whatsover.

I concede that in order to sustain my conclusion of law I am bound to bring the impeached transaction within the enabling clause and to exclude it from the prohibitory clause of the section.

But I am not bound to show express words in the statute conferring upon the bank all the powers which it may

lawfully use to carry out its legitimate objects or purposes. It is quite sufficient if I can show they may be derived by fair and reasonable implication from the provisions of the Act and have not been expressly prohibited or excluded from the general powers conferred. That is the law as I understand it.

In agreeing to take over the lease and milling business as a "going concern" for a limited time, in order to dispose of it to some advantage, the bank may be said to have violated, in a literal sense, the prohibition in the latter part of sub-section 2 (a) against engaging in any business whatever. But if the general powers of the bank of engaging in and carrying on "such business generally as appertains to the business of banking" given by sub-section (d) are large enough and broad enough to cover such a transaction as that now under discussion, of course it would not come within the prohibitory clause, even though the words of that clause literally applied might cover it.

Banks from the very nature of the business they are expressly authorized to carry on, must necessarily loan to customers and others large amounts of money and frequently find themselves with debts owing to them by persons who are insolvent or unable to pay. The assets of such debtors may, in this country at any rate, consist in part of a "going concern," valuable as such, but of little value if wound up by sale under execution or mortgage, or they may consist of perishable goods on the way to a market or logs cut on timber limits ready to be floated down the river to market or mill, or in process of such flotation.

Such debtors might be quite willing to hand over all their assets to the bank absolutely in compromise or settlement of their indebtedness. To compel the parties to resort in every case to the strict statutory methods permitted of taking security and afterwards realizing on it in due legal form, might in many cases cause great loss without any apparent reason. Perishable goods might not be disposable while on the way to a market except at ruinous loss, and the same may be said of logs being floated to their mill or market. If the "Bank Act" means that the bank may not take over and accept absolutely in payment of its debt the real and personal property of its debtor, but must in all cases first take security upon it and realize afterwards on such security, there is an end to the argument. No possible loss which may follow the prescribed course can avail the parties. But it does not appear to me the "Bank Act" does so say. There is nothing in the Act which says that though all parties may agree that the simplest and least costly way of closing out a hopeless account is to give the debtor an immediate release in consideration of a direct transfer of his property, such a settlement must necessarily be declared ultra vires.

It seems to me that in all such cases it must be a question of fact to be determined by the court on the special circumstances of each case, whether there was or was not a violation of the prohibition of sub-section 2 (a) against dealing in the buying or selling, or bartering of goods or being engaged in any business whatever; or whether the substance of the transaction was not rather and really a bona fide compromise or settlement of a debt due the bank, although such settlement or compromise might incidentally involve, in one sense, a buying or selling or an engaging in business. But where the substance of the transaction is found to be a bona fide compromise or settlement of a past due debt, as under the facts and circumstances I would hold the transaction in question in this case to be, then it seems to me it might fairly be claimed as impliedly authorized by the sub-section (d) of section 76, even though solely to avoid enormous loss it may involve, as in this case it did, the running of the mill as a "going concern" for what would be deemed a reasonable time, in order to dispose of it without ruinous loss.

A strong argument was made against the legality of such an absolute assignment of the milling property and assets of the McAllister Company as was taken by the bank in this case arising

out of the 80th, 81st and 82nd sections of the Act, which authorize the bank to take mortgages and hypothecs of realty and personality as "additional security" for past due debts, and enable it to purchase any real or immovable property offered for sale under execution, etc., or by a prior mortgagee, or by the bank itself under a power of sale, and so enable the bank to acquire an absolute title in lands mortgaged to it either by release or sale or foreclosure of the equity of redemption.

These sections are enabling ones and are intended to confer upon the bank reasonable and necessary powers to take mortgages and hypothecs from their debtors by way of "additional security" for debts contracted to the bank in the course of its business, and to realize upon such mortgages by foreclosure or sale, and acquire and hold the absolute title "either by obtaining a release of the equity of redemption" or otherwise. Their purpose and object was to enable the banks to take and realize securities for debts contracted to them. They did not relate to cases where the bank was compromising its debt and accepting something from the debtor in absolute discharge. They should not be construed as being exhaustive of the bank's powers or methods of realizing payment or satisfaction from its debtor's property of the debt due to the bank, or as taking away from the banks by implication any powers which they might reasonably be held to have arising out of the power to engage in and carry on such business generally as appertains to the business of banking. They are not prohibitive sections in any way, but enabling only, and while I recognize the strength and force of the argument as to the intention of the legislature to be derived from them, I am not, on my construction of sub-section (d) of section 76 and the powers reasonably to be implied from it, able to say that real or personal property may not be taken by the bank in "absolute payment and discharge of its debt" from an impecunious or defaulting debtor, notwithstanding those sections which provide for the manner in which additional "security" may be taken and realized upon for debts due the bank not by way of compromise and discharge. Banking business in Canada must from the very circumstances of the case, I should imagine, be conducted upon a broader and somewhat more elastic basis than in fully developed business communities such as Great Britain, and in construing the powers conferred upon banks to carry on such business generally as appertains to the business of banking it is fair that Canadian conditions should be fully considered and allowed for. Large advances must be made from time to time to lumbermen, fishermen and traders of different kinds to enable them to cut, catch, win and market the natural products of the country and debts and risks necessarily incurred possibly greater than the more conservative systems of Great Britain would approve. It might in many circumstances be unjust and cause unnecessary and unreasonable loss to confine the banks to the "additional securities" clauses as the only way or means open to them to realize their debts.

PROMISSORY NOTE—ACCOMMODATION MAKER—LIABILITY OF—PAYEE PLEDGE NOTE TO BANK AFTER MATURITY AS COLLATERAL SECURITY—RIGHT OF BANK TO RECOVER AMOUNT DUE BANK BY PAYEE—BANK TRUSTEE FOR PAYEE FOR BALANCE OF NOTE—BILLS OF EXCHANGE ACT, ss. 54 and 70.

MERCHANTS BANK VS. THOMPSON (16 O. W. R., p. 770).

Payee pledged a past due note to bank as collateral security to his indebtedness. Bank sued on note. Certain collateral matters arising between payee and maker of the note were pleaded as a defence.

Held, that the bank held the note for value so far as payee was indebted to the bank, and could recover to the extent of that amount under Bills of Exchange Act, ss. 54 and 70; that there were no equities

attaching to the note; that bank was trustee for payee for balance of note.

JUDGMENT (Sir JOHN BOYD, *C.)*: The defendants are sued upon a promissory note for $2,000, made on July 1, 1907, by Living and the two defendants jointly and severally to C. H. Fox, and now held by the bank, plaintiffs. The note was given to answer the price of one-half interest in the manufacturing agency of Fox. It is disputed as to the exact effect of the agreement made in respect of this purchase, which is dated March 19, 1907, and I do not think it needful to discuss the legal situation of the parties thereto on the present record.

Fox borrowed from the bank and left this note with the bank on September 12, 1907, as collateral security and also for collection. It was not discounted, and the amount lent to Fox was some $500. The note fell due on October 4, and was not paid. The defendants were notified that the note was falling due, but was not protested, the bank not being aware or not being informed of the fact that the defendants were only securities for Living. Fox owed the bank $800 at the date the note matured. On January 29, 1908, the Fox liability to the bank was cleared off. He became again indebted to the bank, and this was cleared off on March 31.

The judgment then outlines the matters which arose between the immediate parties to the note which the defendants claimed released them from liability thereon.

The bank sues on the promissory note and holds it for value so far as Fox is indebted to the bank, and can recover to this extent under secs. 54 and 70 of the Bills of Exchange Act. There is no equity attaching to the note, though it may be regarded as repledged to the bank after it was overdue. Whatever collateral matters may arise as between Fox and Living which may enure to the discharge of the sureties quoad Fox, they are not open for discussion on this record. To the extent of the bank's claim, judgment should be given for payment with costs; as to the residue of the note, the bank holds it as trustee for Fox, and the right thereto should be litigated in some proceeding to which Fox and Living are parties. This may be ingrafted on the present record—or what is perhaps better, a new action may be instituted in respect of it in which the interest of Fox and the three makers of the note may be properly considered and adjudicated on.

Sec. 54 of the Bills of Exchange Act reads as follows: —"Where value has, at any time, been given for a bill, the holder is deemed to be a holder for value as regards the acceptor and all parties to the bill who became parties prior to such time.

"Where the holder of a bill has a lien on it, arising either from contract or from implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien."

Sec. 70 of the Bills of Exchange Act reads as follows:—"Where an overdue bill is negotiated, it can be negotiated only subject to any defect of title affecting it at its maturity, and thenceforward no person who takes it can acquire or give a better title than that which had the person from whom he took it.

"A bill payable on demand is deemed to be overdue within the meaning and for the purposes of this section, when it appears on the face of it to have been in circulation for an unreasonable length of time.

"What is an unreasonable length of time for such purpose is a question of fact."

BANKS AND BANKING—CHECK INITIALED BY LOCAL MANAGER—CASHED BY ANOTHER BANK—FIRST BANK REFUSED PAYMENT—RIGHT TO RECOVER ON CHECK FROM FIRST BANK—CUSTOM OF BANKERS.

SCOTT VS. THE MERCHANTS BANK OF CANADA.

One Huether, a customer of two banks, presented two checks drawn by himself, for $7,950 and $2,050, and asked for the cash from the Dominion Bank, promising to deposit a marked check for $10,000 on Mer-

chants Bank. Later in the day, Huether presented his check for $10,000 on Merchants Bank, with letter "D" placed upon it by manager of Merchants Bank. Dominion Bank paid the two checks, but the Merchants Bank refused to pay the $10,000 check when presented. Both banks suspended their managers, plaintiff being called upon to pay the $10,000 to Dominion Bank, which he did, taking an assignment of the Dominion Bank's rights against Merchants Bank and brought action to recover.

Held, that the action should be dismissed on the ground that the placing of the letter "D" on the check was only authority of the manager to the ledger keeper to certify to the check and this not having been done, the Merchants Bank was not liable.

THIS was an action brought by plaintiff Scott as assignee of the Dominion Bank against the Merchants Bank of Canada. Scott had been manager of the branch of the Dominion Bank at the town of Berlin, and one C. N. Huether, a brewer, kept his malt account at that branch of the Dominion Bank and kept his general account at the branch of the Merchants Bank, the defendants in this action.

On the day above mentioned Huether drew two checks on the Dominion Bank for $7,950 and $2,050, respectively, each payable to cash or bearer and signed by himself. He presented these at the Dominion Bank and at the same time informed the plaintiff that Deavitt (local manager of the Merchants Bank) would give a certified check for $10,000, drawn on the defendants to cover them. Upon this statement being made by him to plaintiff, the latter instructed his accountant to cash the checks, if the covering check were brought in. Plaintiff almost immediately after left the bank office, to go to Toronto. Later in the day Huether returned with a check bearing the same date, drawn on the Merchants Bank, payable to cash or bearer for $10,000, signed by himself, and which, it was said—and there was no doubt—then had the letter or initial "D" upon it, placed there, as Huether stated to the accountant and as appears to have been the fact, by Deavitt. Under the circumstances the Dominion Bank paid the first mentioned checks on the same day.

The $10,000 check when presented to defendants by the Dominion Bank on the following Monday was not paid. Mr. Scott returned on Monday evening and learning—on Tuesday morning—what had occurred, went to see Deavitt, and asked the reason for the action of the defendants in not honoring the check. He stated that Deavitt then told him to send the check in the next morning, and it would be paid.

It was said that on this Tuesday there was as between the two banks in connection with their daily transactions, a balance of $6,518, due from the Dominion Bank to defendants, and that plaintiff declined to pay this until assured by the local manager of the defendants that the $10,000 check would be paid. Upon receiving such assurance the said balance was paid.

It was contended in argument at the trial that the payment of this sum of $6,518 by Dominion Bank to defendants was obtained on the distinct undertaking of the local manager of defendants, that the $10,000 check in question would be paid, and that was important in considering whether the plaintiff should or should not have judgment for the $10,000 in this action.

JUDGMENT (Hon. Mr. Justice SUTHERLAND): I cannot, however, see that any effect can be given to such a contention. The $6,518 was a sum which represented a balance on other transactions, quite apart from the $10,000, and I think I must assume was properly payable by the Dominion Bank to the defendants and which it could not have been compelled to pay quite apart from the question of the check which is in issue in this action.

On Wednesday morning the check for $10,000 having been again sent to the defendants' office, the plaintiff personally went there and asked the accountant if it was paid. He was told in reply that it was not. He then asked to see the check, and on it being produced noticed that the letter "D" had been erased. On asking the ledger-keeper who had done this, he was told by him that he himself had done it under instructions from Deavitt. Plaintiff then saw Deavitt, and was told by him that

the inspector of the defendants' bank was there, and the check for $10,000 could not be paid. The plaintiff then saw and explained the whole transaction to the inspector, but got no satisfaction.

In consequence of the failure of the defendants to pay the $10,000 check, the Dominion Bank called upon the plaintiff to do so, and suspended him. The defendants also suspended Deavitt. The plaintiff having paid the note, took an assignment from the Dominion Bank in the following words:—

"In consideration of $1 we hereby transfer, assign and set over unto Thomas Martin Scott all our right, title and interest in and claim to a certain sum of $10,000, advanced by the said Scott while manager of our branch at Berlin upon two checks dated 20th February, 1909, for $7,950 and $2,050, respectively, drawn by C. N. Huether on the Dominion Bank, payable to cash or bearer, and also all our right, title, interest and claim to a certain check for $10,000, dated February 20th, 1909, drawn by C. N. Huether on the Merchants Bank of Canada, payable to cash or bearer. We also transfer, assign and set over unto the said Scott, the above mentioned checks and our right, title and interest therein. This assignment is made in order to enable the said Scott to take such proceedings against the said parties or either of them as he may be advised," and brought this action in his own name to recover the $10,000 and interest.

In their statement of defence the defendants deny that the said check was duly initialed as alleged by the plaintiff or that the defendants' manager had any authority to certify it, or they were in any way bound by the alleged action of their manager in the matter. They further say there were no funds at the credit of Huether in their bank at the time the said check was drawn, and they were under no obligation to him or to the holder of the check to pay the same.

It appears from the evidence of one Beamer, the accountant of the Dominion Bank at Berlin, in February, 1909, and from circulars of that bank to which he was referred in his cross-examination, that their usual course as to certifying checks is that the ledger-keeper must initial them and put the folio of the ledger upon them; that this is the general rule, and that the initial of the bank manager is the authority to the ledger-keeper to do so. In this case it was plain to the officials of the Dominion Bank that the usual course pursued in their own bank had not been followed. It is said by Mr. Braithwaite, the manager of the Bank of Montreal, in Toronto, and a banker of experience, that the initial of the bank manager is merely an authorization to the ledger-keeper to certify the check as against the man's account, and that checks or drafts should be entered in the ledger, stamped and initialled by the ledger-keeper. He says he knows of no other course in bank practice, and that any other course would be a dangerous one. W. A. Hamilton, the inspector of the defendant bank, says that the proper course is to have the check charged to the customer's account, the bank stamp put on it with the ledger folio, and the initials of the ledger-keeper. Rule 221 of the defendant bank is to the same effect, and the standing rule of banks generally. He also says that the manager's initial is merely an authorization to the ledger-keeper. The reason assigned for the rule and the danger from point of banking practice of a deviation therefrom was pointed out by Mr. Braithwaite, and shows the practice to be a salutary one.

If the ledger-keeper did not enter the check in the ledger there would be nothing to indicate to an inspector that the check had been issued against the customer's account. On an inspection his account might appear to have a certain balance, and if checks had been issued against it, but uncertified by the ledger-keeper, and not entered against the account, that balance would be fictitious.

Request was made to have the Dominion Bank added as party plaintiff, upon which branch of the case the judgment reads as follows:—

"It seems to me that this is a case in which it was necessary for the plaintiff, in order to succeed, to show that there was such a custom between the banks as to authorize payment of the check in question, and under the circumstances indicated. He has failed to do this. On the contrary, it has been shown that the well known and customary rule of banks in such cases is against such a mode of payment. There is nothing to indicate that the defendants gave their local manager or agent, Deavitt, any authority to depart from their well known rules. The bank itself made no representation to the plaintiff or to the Dominion Bank. If Deavitt did so, it was without the defendants' authority, and I do not see how they can in any way be held liable to the plaintiff or to the Dominion Bank. It simply amounts to this, that individual officials of the Dominion Bank on their own responsibility relied too much, at first on the initial and later on the word, of a fellow banker in the same town. I have come to this conclusion with regret under the circumstances. The action will be dismissed with costs, if the defendants ask for them."

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

RIGHT OF SHAREHOLDER TO INSPECT BOOKS OF NATIONAL BANK

Newark, N. J., Sept. 2, 1910.

Editor Bankers Magazine:

Sir: A person who appears on the stock-book of this bank as the owner of 125 shares called at the bank the other day and demanded that he be allowed to inspect some of the books of the bank. We asked him to state the purpose for which he desired to do this, but he refused to say. We then informed him that until he should give us some satisfactory reason, we must decline his request. Were we right in doing so?

President.

Answer: Yes. Where a stockholder demands such an inspection, a due regard to the interests of the bank and the other stockholders requires that the officers should be satisfied that the purpose is a proper one. For while it is settled that a stockholder in a national bank has the right to inspect the books in a proper case and for a proper purpose (Guthrie vs. Harkness, 199 U. S. 148), yet the right is one which is enforced only in the sound discretion of the court and under suitable safeguards to protect the interests of all concerned; and such an inspection will not be allowed for a speculative purpose, or to gratify idle curiosity, or to aid some ulterior object. (Woodward vs. Old Second Nat. Bank, Bankers Magazine, June, 1909, p. 955.) In People ex rel Hunter vs. National Park Bank (122 App. Div. [N. Y.] 635), the attorney for the petitioner called upon the president of the National Park Bank of New York, and requested an inspection of the list of stockholders, claiming to be a stockholder, or to represent stockholders, but declined to state whom he represented, or for what purpose he desired the list of stockholders. The request was refused, and the petitioner having applied for a mandamus, the president of the bank submitted an affidavit in which he stated these facts, and further stated that he believed and charged it to be the fact that the relator was not a *bona fide* stockholder of the bank, and did not desire a list of the stockholders for any proper or legitimate purpose, or for the protection of any proper or legitimate interest of any stockholder in the bank, but sought to obtain the list for some ulterior and improper purpose. The Court said: "When a stockholder of a corporation shows a legal right to an inspection of the books of the corporation he is entitled to enforce that right by mandamus.

"This rule, however, is subject to the qualification that the granting of a mandamus is always in the judicial discretion of the court, and a strict legal right will not be enforced when it appears that the application is not made in good faith for a legitimate and proper object. It is

sufficient in the first instance to show the existence of a clear legal right to the relief demanded; but if, in answer to the application, facts are presented to the court from which the inference can fairly be drawn that the application is not made in good faith for the protection of the applicant or of the corporation, but is made for some ulterior or improper purpose, especially when it appears that a small number of shares of stock of an important financial corporation have been acquired for the express purpose of making an application for a list of the stockholders of the corporation which is not to be used by the owners of the stock making the application, but for others whose names are not disclosed and for purposes not disclosed, the burden is cast upon the party making the application to affirmatively show that he is acting in good faith, for a legitimate purpose and his own or the corporation's protection.

"In this case it appears that the attorney who is representing the plaintiff had for over a year prior to the time when the relator acquired his stock, made persistent demands upon the president of this corporation for a list of stockholders, refusing to state for whom he made the demand or the object for which he required this information. These demands being refused, there were then purchased four shares of stock of the defendant corporation, which were transferred to a clerk in the office of a firm of attorneys, who shortly thereafter made a demand for an inspection of the stock book as a stockholder, persistently refusing to state the purpose for which he desired the information, whether or not he was acting for others or for whom he was acting. He was accompanied in making this demand by the attorney who had insisted upon obtaining the information for undisclosed clients, and was represented by the same attorney in instituting these proceedings to enforce his rights as a stockholder.

"These facts, I think, require from the relator a free and frank disclosure of his object in making the application, the use to which he wished to put the information that he required, whether or not he was acting on his own behalf or on behalf of others whose names were not disclosed, as well as the object in seeking to obtain information to which persons who are not stockholders are not entitled."

SUIT BY BANK WHERE DRAFT INDORSED "FOR COLLECTION"

BROOKLYN, N. Y., August 31, 1910.

Editor Bankers Magazine:

SIR: We have just received a draft indorsed to us "for collection," with instructions to institute suit immediately, if the draft should not be paid on presentation. The draft was not paid. Now, what I wish to know is whether under such an indorsement, we can bring suit in the name of our bank. CASHIER.

Answer: There was formerly some doubt whether a person to whom paper had been indorsed "for collection" could sue thereon in his own name. But the point is no longer open to dispute in any of the States which have adopted the Negotiable Instruments Law; for that statute expressly provides that a restrictive indorsement—and an indorsement for collection is of this character—confers upon the indorsee the right to bring an action upon the instrument that the indorser could bring. (Sec. 37, New York Act.)

DEPOSIT TO MEET OUTSTANDING CHECK — CHARGING OFF DEPOSITOR'S NOTE

CLEVELAND, OHIO, Sept. 3, 1910.

Editor Bankers Magazine:

SIR: We hold the note of A., which is past due. He has an account with us, but since the note matured has no balance to his credit. He comes in and makes a deposit, saying to the teller at the time that he is making it for the purpose of paying a post-dated check which he had given on a certain date, which was before the note fell due. The question has arisen whether we had the right to charge the note to his account after this deposit was made and return the check unpaid. Please give us your opinion.

VICE-PRESIDENT.

Answer: Where a deposit is made for a special purpose, and the bank is

apprised of that fact at the time it receives the deposit, it must apply the money accordingly, and cannot use it to pay its own claims. (First Nat. Bank of Hazard vs. Barger, BANKERS MAGAZINE, Nov., 1909, p. 713.) In the case cited, the court said: "The law is that if a bank receives a general deposit from one who is indebted to it, the bank has the right to charge the depositor's account with such indebtedness; but if the bank receives the deposit with notice that it is made for the purpose of meeting outstanding checks drawn by the depositor, it has no right to charge a depositor's account with sums due it by the depositor, and thus defeat the persons holding the outstanding claims from collecting their checks. This rule applies only when the bank has notice of the previous appropriation of the sum deposited, or, in other words, that it is a special deposit to meet outstanding checks issued by the depositor."

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

BANK UNDERWRITINGS

COMMENTING on the dangers of underwritings by banks, as illustrated by the embarrassment of the Niederdeutsche Bank of Dortmund, "The Economist" (London) says:

"As illustrative of the big ambitions of this provincial bank, the newspapers are printing long lists of companies which it has established or transformed from private undertakings during its brief career, and in which its directors occupy leading positions as directors. These companies include another bank, two brewery companies, a rubber tire company and another rubber company, a motor-dray company, a marble and granite works, a wood or timber concern of a kind not specified, two shipping companies, a real estate company, and several others whose business is not described. Not all of these were founded by the bank; a few of them were only transformed into companies by it; but its directors have positions on the directorates of nearly all.

"This affair, therefore, again calls attention in a striking way to the dangers attending the German system of banking, under which nearly all the larger institutions have very intimate financial connections with industrial companies of various kinds, underwriting their stock issues with the capital of their own depositors, opening credit accounts for them on an extensive scale, and having a representative on their boards. It must be admitted that the system works well enough in the hands of capable and honest directors; but there will always be enough exceptions to this rule to serve as warnings of the dangers to which it may lead in the hands of men lacking the integrity or financial intelligence to work it safely and successfully."

JAPAN'S REVENUES AND EXPENDITURES

THE tendency of all State budgets toward extraordinary increases of recent years has occasioned widespread comment and has been the despair of finance ministers. Perhaps in no country has this tendency been so marked as in Japan. Of course, there are special circumstances that have operated to increase the Japanese budget—such as the recent emergence of the country into a modern political and industrial State, and the wars with China and Russia. From 1867 to 1889 the total revenue was always below 100,000,000 yen, and it was not until 1897 that the two-hundred million mark was reached. In 1907 the maximum of yen 857,000,000 was attained, from which there has been

a reduction to yen 534,000,000 for the present year.

Naturally, so vast an increase of revenues and expenditures in so short a time has not taken place without considerable strain. Yet it is learned from the "Financial and Economic Annual of 1910" that not only was there no increase of loans in the preceding fiscal year, but the policy of increasing the redemption of outstanding loans was adopted, and the total transferred to the national debt sinking fund in 1910-11 will come up to yen 193,960,000, or yen 10,800,000 more than for the preceding year. Besides, loans in home and foreign markets have been raised recently to the amount of yen 281,000,000, and the proceeds devoted to the conversion of the five per cent. loans into four per cents.

BRITISH BANK MERGER CANCELLED

RECENTLY the Lancashire and Yorkshire Bank, established in 1872 and having 122 offices and £10,-000,000 total deposits, made plans for merging with Parr's Bank, London, but later the merger arrangement was cancelled. The latter institution was established in 1865, to acquire the business of Messrs. Parr & Co. It has absorbed some twenty other banks or private banking firms, and the total of the deposits and current accounts is now £48,700,602, making this the sixth in size among the leading English joint-stock banks.

LONDON JOINT-STOCK AND PRIVATE BANKS

AN analysis of the last published balance-sheets of certain of the London joint-stock banks is made and presented by H. W. Birks, Egypt House, 36 New Broad street, London, E. C. It gives particulars of the various items, together with comparisons for the previous half-year. Eight banks are included in the tables—London County and Westminster, National, London Joint Stock, London City and Midland, Union of London and Smiths, London and South Western, London and Provincial, and Martin's.

The paid-up capital of these institutions on June 30, 1910, was £17,814,-022; reserve funds, £13,400,313, and deposits, including current accounts, £272,757,079.

LONDON BANK PROFITS

BANKING in London for the first half of the current year has been considerably more profitable than it was in the last half of the preceding year. Here are the profits of a number of the leading London banks, as reported by the London "Bankers' Magazine":

	First half 1909	First half 1910
London City & Midland	£364,708	£387,530
London and Provincial	90,756	90,398
Barclay & Company	*486,695	*494,264
Union of London and Smiths	190,827	257,365
Capital and Counties	*284,723	*309,385
London and So. Western	85,157	97,546
London Joint Stock	188,300	226,053

* For the twelve months.

GERMAN BANK CIRCULATION

ACCORDING to the London "Statist," the failure to use checks more generally in making payments in Germany calls for a larger use of currency than necessary. It says, in the issue of August 20:

"Last year at the end of September there was an excess circulation of £28,-500,000, and if trade is as active this year as it was last the excess circulation in September will be considerably over £30,000,000, certainly a large figure. It has, of course, to be borne in mind that these deficiencies do not mean as much in Germany as they would elsewhere. All that they involve is the payment of more taxation. Were it possible for Germany to reform its methods of payment and to bring checks into greater use the situation in Germany would be very greatly improved and the quantity of cash in the bank would be fully sufficient for its requirements.

Possibly one of these days the German people will adopt modern methods of cash payments."

THE BANK OF FRANCE

A FEATURE always of interest is the amount of small bills discounted by the Bank of France. The report of this institution for 1909 shows that the number of bills below eight shillings was 219,732. And the number of trade bills below $20 increases steadily, amounting to 3,661,826 in 1909, or nearly one-half the entire number handled by the bank.

In 1909 the discount rate of the Bank of France remained fixed at three per cent., while the rate of the Bank of England was changed six times after January 1, reaching a maximum of five per cent.

THE BANK OF NORTH QUEENSLAND, LIMITED

AT the ordinary general meeting of the shareholders of this bank, July 22, the Forty-fourth Report of the bank showed that the net profits for the last half-year, after the usual deductions, were £4,716 11s. 4d., to which was added £3,775 8s. 9d., carried forward from last year. After paying a dividend at the rate of five per cent. per annum, allotting £5,000 to contingency account, and providing for income tax, a balance of £824 1s. 9d. was carried forward to the next half year.

Deposits on June 30, 1910, were £641,672, compared with £586,440 a year ago.

The Bank of North Queensland was incorporated under the Companies Act of 1863. Its head office is at Brisbane.

TRUST COMPANIES

Conducted by Clay Herrick

THE ECONOMIC POSITION OF THE TRUST COMPANY

DOUBTLESS the most important reason for the growth of the trust company as an institution is to be found in its splendid adaptation to the commercial and financial tendencies of the age, and to the economic services which it renders not to the individual alone but to the community as a whole. Coming into prominence at the time when the business of the country was undergoing the transformation—still incomplete—from the old-time individual proprietor to the ordinary corporation, and from the ordinary corporation to the so-called trusts, it occupies a position which makes it of incalculable benefit to the individual citizen and to the large aggregations of wealth represented by the giant corporations of the day. It stands between the common man and the great enterprise, and interprets the one to the other, joins their hands and gives to each a share in the activities of the other. Without it, the great corporation would be seriously crippled for lack of funds and for lack of support by the man of moderate means; without it the man of ordinary means would with difficulty, if at all, have any share in the larger enterprises of the times.

Few people of the younger generation, indeed, realize the great changes which have taken place in the methods of conducting business in this country during the past twenty or thirty years. That short period has seen the origin and growth of nearly all of our giant corporations. It has seen the abandonment of the "cut-throat" competi-

tion of former times and the adoption of the theory of co-operation. Not that competition has been entirely done away with, nor that co-operation, especially in its better and more complete form, has yet become the established order of things in the business world. Yet one needs but to compare the conditions found in business forty years ago with those of to-day to see what a vast change has come over the ways in which men view the two theories.

Then, two men engaged in the same line of business felt that they had before them a life long contest, a never-ending competition for business. In the contest, it might be that one would be the more successful and gain the greater volume of business—perhaps even drive the other out, to find a new competitor rising for the struggle. But whatever the outcome, each expected that the contract would go on, continued by them or by their successors.

Under similar circumstances to-day, almost instinctively the question arises in the mind—how long will this continue before a combination is effected, and the two men unite their efforts under the form of a corporation? To-day the probability of such an outcome is ever present to the mind; a few generations ago it was only a remote possibility, if even that. It extends beyond the individual, beyond the small corporation, to the great corporations which ever tend to amalgamate into still greater ones until the particular line of business is in the hands of one colossal corporation controlling the whole situation, with no competitor, all engaged in the business bending their efforts not in competition but in co-operation.

That this represents the distinct tendency of the age cannot be doubted; whether it is on the whole a condition which bodes good to the general public, is of course another question. As a statement of facts, it cannot be gainsaid; as a statement of recommended policy, it is open to discussion. The writer cannot but feel that it is in the line of true progress, and that it will go on until we have a genuine co-operation in the full meaning of the term—a co-operation which will concern not only the producers, but the consumers also, not merely a co-operation for the profit of and the monopolistic control by the few who direct any industry, but a genuine co-operation which shall dictate the management of every human industry with proper regard for rights and interests of the capital invested, the workers employed and public served. That we have as yet taken only a step towards such an ideal is of course true; it is a fact that up to the present time the co-operation has been too much confined to the interests of the few who control, that the change has been accompanied by some outrageous injustices, and that in the process of readjustment some individuals have suffered most cruelly. But the writer pins his faith not to the present but to the future. If he mistakes not the signs of the times and the temper of the American people, the public conscience is so aroused and the public intelligence so informed, that this question will not be settled until it is settled right and this country be blessed with an economic system based upon the co-operation of all for the common good.

For the present, however, we must take things as they are—and it is of interest to know the position of the trust company and its relation to present economic conditions. The trust company finds itself in a civilization abounding in great corporations which control industry and commerce and transportation. What is its relation to them, and what its relation to the individual citizen? What, if anything, does it do to secure for its customers and for the general public, who may at their option become its customers, a share in the activities and the profits of business enterprises?

The corporation, whether large or small, finds the trust company of great use, if not indispensable, in a variety of ways. At the inception of the corporation, the trust company is utilized in the underwriting, as transfer agent or registrar for the certificates of stock, as depositary, as trustee for bond is-

sues. The facilities and the experience of the trust company make it almost a necessity for these purposes. The services demanded are of such a character that few individuals have either the equipment or the responsibility needed. Throughout the life of the corporation the usefulness of the trust company continues, in the transfer and registering of the stock, the duties of the trustee of bond issues, the handling of reorganizations when necessary and in numerous matters that may require attention from time to time. In these matters the trust company protects and safeguards the rights of the investing public.

For the better classes of securities issued by the corporations, the trust company is an important factor in furnishing a market. It ranks as an important customer for bond issues and furnishes a considerable part of the capital necessary for the conducting of corporate enterprises. It gathers funds in small amounts from a multitude of customers, the aggregate of such funds forming considerable sums which would not otherwise be available. Without this service—which the trust company renders, of course, in company with other savings banking institutions—the great volume of business carried on to-day would be impossible because of lack of capital. Thousands of small sums, each too small to be independently employed as capital or invested, are gathered by the trust company in the form of deposits; and large amounts of capital are thus provided which make possible the carrying on of great enterprises which benefit the whole people. Funds that would otherwise be idle and unproductive are put to work and made to produce, adding to the sum of human wealth. This is an important economic service.

The funds thus provided are available not alone for private corporations, but for State and municipal corporations, of whose bond issues the trust companies are large buyers. Many a town and city is able to secure funds for improvements at low rates of interest because trust companies and other savings institutions have gathered small sums and made them available for investment.

To the individual the trust company offers services which the increasing complexity of our civilization make it more and more difficult for him to perform for himself, or to get other individuals to do for him. With a superior equipment, a thorough training and an ample responsibility, it is prepared to execute for him any legal trust while he lives, and to care for his estate and the property of his heirs after he has passed away.

Through its banking and savings departments, the trust company enables the individual, whether of large or of small means, to share in the profits of corporate enterprises. The funds received on deposit are to a considerable extent invested in bonds and stocks of railroads and other corporations. The dividends or interest on these securities pass to the credit of the trust company, which distributes the larger part of such income to its depositors in the form of interest on their deposits. The depositors are thus indirectly stockholders and bondholders in the enterprises, whose securities the trust company holds, and in this way are vitally interested in the success of those enterprises. This is as true of the small depositor as of the large depositor. If his deposit is only ten dollars, a portion of it is invested in securities, and the interest on his account is derived from the earnings of the corporations issuing the securities.

Thus does the trust company link together the interests of the depositor and of the corporation. Without the capital supplied by a multitude of small deposits, the corporation could not operate; and without the earnings of the corporation, the depositor could not receive interest on his deposit. The trust company serves to provide funds for large enterprises and to distribute the profits of their operation widely among the people. It is not asserted that this is the purpose of the trust company, or that the latter is a philanthropic institution; but it is pointed out that as a matter of fact the trust company does operate to distribute

some of the profits of corporations—even of the iniquitous "trusts"—among the masses of the people. Anyone who has a dollar to deposit may, at his option, share in such profits. The larger capitalist may purchase a block of stock or of bonds, and take his profits together with whatever risk is involved. He has still the advantage that accrues to the man of large means. But the smaller capitalist—and anyone who has saved a dollar is to that extent a capitalist—may at least, through the trust company, have a small share in the undertaking. Let us hope that in due time his share will increase.

The extent to which the funds in the keeping of trust companies are supplied by persons of relatively small means is shown by a study of the average size of savings deposits in such institutions. From the figures gathered from 862 trust companies in the United States by the Monetary Commission, it appears that there were held by these companies, in 1909, $657,697,417 of savings deposits, belonging to 1,965,333 depositors. This makes the average savings deposit about $335. Many of the single deposits of course amounted to several thousands dollars, and a great many of them amounted to from one to ten dollars each. The dividends paid by these trust companies were thus distributed among nearly two million people. The actual number served by all the trust companies of the country was much larger, as the number of such companies is more than 1,600.

The trust company also holds vast amounts of corporate securities for the clients of its trust department, who receive more directly the dividends on their holdings. For the more well-to-do of its customers, it acts as a large distributor of corporate securities through participations in underwritings and through its bond department. And to the holders of securities it affords, in its safe deposit department, a secure place for the safe-keeping of their valuables.

It must be evident, then, that the trust company has an important part in these days when the business of the country is being largely conducted by giant corporations, in adding to the funds available for the carrying on of great enterprises; and on the other hand in giving to the people the opportunity to share in their ownership and their profits. It is an important link in the chain of our civilization. It represents the corporations, and it represents the people. It vests a part of the ownership of the corporations in the people. It acts to bind together more closely the capitalist and the laborer—or better, the large capitalist and the small capitalist. And when the relations between the two classes grow more equitable and more amicable—as they must and will—the trust company may prove one of the important agencies in the good work.

TRUST COMPANY FORMS

THE book of "Forms for Trust Companies," which has been in preparation by a committee of the Trust Company Section of the American Bankers' Association for somewhat over a year, has made its appearance, and is being sold to members of the Association at $15—to others $20. The book is eleven by fourteen inches in size, bound in full morocco with leather lining and gilt edges, with 145 pages. It contains some 600 different forms, selected from a large number submitted by trust companies all over the country, the reproductions being one-half the dimensions of the original forms.

The committee in charge of the work consisted of Joseph N. Babcock, trust officer The Trust Company of America, New York, chairman; Charles L. Mosher, vice-president The Guardian Savings and Trust Company, Cleveland; George H. Stuart, third assistant treasurer The Girard Trust Company, Philadelphia, and Philip S. Babcock, the secretary of the Trust Company Section. In the selection, arrangement and classification of the forms this committee has shown excellent judgment, and has borne in mind the needs

of the smaller companies as well as those of the larger ones.

The forms are arranged under the following general headings: *Banking*, deposits, withdrawals, general forms, collections, books and statements, general books and statements, loans and discounts; *Trusts*, real estate, bond and mortgage loans, corporate bond trusteeships, bond transfers and registrations, payment of coupons, reorganizations, stock transfers and registrations, savings, safe deposit, foreign exchange.

The book will prove of great value to new companies and to old companies who wish to improve their forms or devise new ones. When the forms are not exactly adaptable to a particular company—as will often be the case in any collection of forms—it is not a difficult matter to make them conform to the particular need; while it is to be remembered that these forms are the results of years of experience on the part of a large number of successful companies. The section is performing a valuable service in the publication of this work, and is to be congratulated on the undertaking.

INVESTMENTS

Conducted by Franklin Escher

WALL STREET AND WASHINGTON

By M. C. Lavallette

THE time just previous to election usually finds politics exerting an important influence on the financial markets. This year is no exception to the rule; quite the contrary. On account of the Roosevelt element in the situation, on account of the bitter strife in the Republican party, on account of the strong possibility of the election of a Democratic majority in Congress, the connection between politics and finance has been drawn exceptionally close. In all the literature going out of Wall Street, "Washington" is being given a position of predominating inportance.

For the purpose of gauging its effect on the markets, this influence of "Washington" ought really be divided into three parts. In the first place, Wall Street is worried over the question as to whether there is to be any further railroad legislation and any more tinkering with the tariff. In the second place, the impending Supreme Court decisions in the case of American Tobacco and Standard Oil hang over the market like a cloud, out of which no one knows when the storm may break. In the third place, the question of what the Interstate Commerce Commission may do with regard to freight rates is of the utmost importance—in the opinion of a good many people will be the determining factor in the question of whether railroad dividends can or cannot be maintained.

Tariff Revision Likely.

With regard to the possible further revision of the tariff, it would seem as though the sentiment demanding further revision, and apparent in every part of the country, would inevitably force the issue. From the middle West, into every part of the country, appears to have spread this sentiment. It is unconfined to any class or any party. That the thinking people in this country consider that the Payne-Aldrich bill was no real redemption of the pledge of the Republican party at the last presidential election is becoming more and more evident. Two years ago the country demanded revision of the tariff. In the course of a year it got something—a churning over of schedules with a little rearrangement here and there—but no real revision, at least no real revision downward.

On account of the strong forces

which have been at work since then the great mass of voters has finally been stirred up to the idea that real revision of the tariff can and ought to be had. For a while the makers of the Payne-Aldrich bill seemed to hope that prosperity in the country would smooth down the opposition to the bill they had created, and eventually cause the country to become satisfied therewith. That, however, has not come to pass. The country has been fairly prosperous, it is true, but early in the year so sharp a check was administered to the upturn in things that the attention of the people at large has been very forcibly directed to the tariff and tariff matters. Instead of people becoming more satisfied with the tariff work done by the last Congress, dissatisfaction has grown, and grown rapidly. Nor have even the Republican leaders failed to see the hand-writing on the wall. Without hesitation it can be said that in the innermost circles it is now admitted that a bad mistake was made and that at the next session of Congress a real revision of the tariff will have to take place.

Railroad Legislation Less Likely.

With regard to the probability of further railroad legislation, the case is a little different. The President, it is true, did not succeed in getting Congress to embody in the railroad law all those provisions which he would have liked to have seen embodied therein, but the Act as passed can certainly be said to be representative of the legislation which the Republican platform demanded.

That it is a good law and comprehensive is becoming plainer as time goes on, though, naturally, there is a certain amount of dissatisfaction with it. The powers granted the Interstate Commerce Commission, it is true, are continually a thorn in the side of the railroads. But, then, that was to have been expected—closer government regulation of interstate commerce was inevitable, and the railroads knew that it was only a matter of time before it came about. But taking the law as a whole, it is a good law and well liked by the railroads and by the great mass of the people. The fact that it could be improved, that something could be added to it here and there to make it better, by no means says that it will be further changed or amended in the near future. No one knows better than those who were responsible for the railroad act the dangers of over legislation. Everything seems to point to the fact that, as good a railroad law as the one enacted having been passed, they ought to let it go at that and be satisfied. From the danger of further regulatory railroad legislation the country has little to fear.

Deciding the "Trust Cases."

With regard to the Supreme Court decisions in the "trust cases" little more can be said than was said when the reargument of these cases was decided upon early in the summer. The Supreme Court, it is true, has undergone important changes in its personnel, but from the changes which have been made it has been impossible to read anything concerning what the future action of the august body is likely to be. By the appointment of Governor Hughes to the Supreme Court, an element of uncertainty has been introduced from which a number of persons who are accustomed to take long chances in their deductions have figured out that the Court might act in this or that way. Conjecture and surmise are an inalienable right. Nobody, however, need bother much about these wild guesses. Nothing more is known now than was known several months ago concerning what the Supreme Court is likely to decide. The only thing that is definitely known is that the cases are soon again to come up, are to be re-argued with all the usual parade of complicated and conflicting testimony, and that there is every probability that business will be correspondingly disturbed thereby.

Freight Rates.

The other thing that is worrying Wall Street is the question of what the Interstate Commerce Commission is go-

ing to order with regard to railroad freight rates. At the time of writing, investigation into the Western freight rate situation has been completed at Chicago, and hearings on the plea of the eastern roads that they be allowed to raise their rates are being held in New York. What will be the outcome no one but a prophet may foresee. But from the testimony already given and the general character of the proceedings at these hearings, it must be said that it seems altogether probable that the railroads will get a substantial part of what they are asking for. This is not the place nor the time to enter into any discussion of the arguments which both sides have advanced. They have been in the papers ad nauseam, and most readers seem to have stopped following the question closely. Out of the ruck of conflicting statements, charges, and counter charges, there seems, however, to have risen a pretty well defined idea that the transportation companies have had a good deal of right on their side and that their plea will not have been made in vain. Not improbably they have asked for more than they are entitled to. Not improbably they have demanded more than they expect to get. Full account of that very human probability will be taken by the Commerce Commission. The full advance in rates asked for will probably be allowed in very few cases. What seems likely to happen, though, is that in the many cases where increases are justified a moderate advance will be allowed.

A Restraining Influence.

From the very nature of this general influence of "Washington," it is evident that the whole thing is very much of a restraining influence on business and finance. Will the tariff be revised? —there is a question which naturally checks commercial operations. What will be the decision of the Supreme Court with regard to the right of the big corporations to do business in their present form?—in that question is to be found the reason for the aversion of investors to the trust stocks. Is the Interstate Commerce Commission sure to grant the railroads reasonable advances in rates?—just there lies the reason for the idea prevalent in so many quarters that railroad dividends will not be maintained on their present basis. Uncertainty, harassment, fear that business a year from now may not be done in its present form—here are strong individual reasons for the present stagnation of commerce and finance. They are big questions, and the indecision regarding them is doing a lot of harm. Fortunately, the time when they are bound to be settled one way or another is coming reasonably near.

UTILITY THE BASIS OF MORTGAGE LOANS

By W. H. Kniffin, Jr., Cashier Home Savings Bank, Brooklyn, N. Y.

FOR a time so long that the memory of man "runneth not to the contrary," land and buildings have been pledged for money advances, and in accepting such security the lender has realized that he held a pledge of prime quality, and the borrower offered the best he had. Such transactions may be traced in the common law of England to a time antedating the Norman Conquest.

In many places, especially in small towns and country districts, it has come to pass that to hold your neighbor's property under mortgage is a harsh and unjust proceeding. To make this a practice, is to be rated as a money-grabber, an oppressor of the poor, and if foreclosure becomes necessary, that is the height of infamy and you are henceforth branded a crafty Shylock forever crying, "I will have my bond!" Even children seem to get the impression that to live under the cloud of a mortgage is a badge of dishonor and something is wrong with the head of the household; but to own one's home "free and clear" is a mark of distinction, a true indication of prosperity.

The Mortgage as an Investment.

In the larger cities, however, the mortgage assumes an entirely different aspect, and becomes a business proposition, not only profitable but popular. As an investment it is constantly attracting the people of limited means who desire a larger income rate than obtains in savings bank circles. And if made on a savings bank basis,—that is, with ample margin, and the risk carefully selected according to accepted principles of safety, it is one of the most attractive forms of investment and surely one of the safest. There is no good reason why the man with five or ten thousand dollars should not make his own mortgage loans and thereby receive the full income, rather than make his investment through the medium of a savings bank and sacrifice from one to two per cent. And the shrewd depositor is gradually finding this out.

On the other hand, the mortgage plays its best role as a help to realty ownership, as thousands will testify. It is perhaps, one of the few forms of debt that a man can afford to incur. A little experience in the real estate world will demonstrate that the mortgage is a most desirable aid in real estate speculation, for properties with mortgages already on, at a fair rate, are much more easily bought and sold than if full equity were demanded. It not only requires less cash, but dollar for dollar, money will show a larger profit, than if the property were free of debt.

If a mortgage census of the real estate of New York were to be taken, it would doubtless show that the majority

of property is mortgaged. Many parcels carry second liens, but these are often speculative properties, in which the owner desires to have as little equity as possible, in order to keep his cash capital fully employed. They are usually installment mortgages, at a higher rate than the first lien, and quite generally with a bonus to the lender running from five per cent. upward. They are not the most desirable form of mortgage activity, but if made with due care are immensely profitable as those who have made fortunes out of this form of investment will testify.

Utility the Final Test of Value.

There are degrees of goodness in mortgage loans as well as in other forms of investment. As one property is more desirable to own than another, so is a mortgage on one more desirable than a loan on another. As a fundamental principle it may be stated that no mortgage is better than the property, and the property no better than its final utility. No matter what may be the quality of the bond, it is the property that must be analyzed in order to ascertain how good the loan really is. The bond may be worthless long before it shall come into play. There are certain features that make for security and others that make for risk, and he is a wise investor who discovers what they are and applies them. But the easiest, if not the best test of all is: what is the adaptability, the convertibility, the utility of the property pledged? The honest contryman who bought a sewing machine at an auction for a quarter, remarking, "If it haint no good for sewin', it'll make a mighty fine flower stand," had an eye to the economic principle of final utility of sewing machines. Of a like mind must be every successful lender on mortgage risk.

A rag is a rag, but when its usefulness as a piece of cloth is over it may become a piece of fine writing paper. Iron is always iron, and when its value in one form ceases, it goes into the melting pot and comes out with a new utility. It is a public and private necessity, and although affected by market changes will ever be in broad and steady demand on account of its many usefulnesses. The price may be high or low, but its utility never ceases. This principle is true in the most common form of pledge, that of personal property with the pawnbroker. The gentleman under the three balls considers the utility of the goods offered him long before the value is determined. Offer him a diamond, and before he tests the stone, he must consider (perhaps unconsciously) whether diamonds are in demand or not. He knows it has no great value otherwise than for ornament. But offer him a watch or a ring, and although the watch market may be glutted, the demand for gold will never cease, and if he cannot sell the diamond he can always melt the watch for its gold.

We may judge a mortgage loan by a similar process of reasoning. He is a wise investor who never forgets to look into the future and judge his loan by what might happen, and to carefully analyze the final utility of the pledge. If gold is standard of value because of its broad usefulness and constant demand the world over, and may easily and inexpensively be converted from one form to another, that property is the most desirable as a mortgage risk which meets the same conditions. The rental value, cost to reproduce, location, tides of travel, development, accessibility, all have to do with ultimate

worth, but to forget to inquire what use he would make if forced to take under mortgage foreclosure is to forget the vital element in such investments. It matters not who may be on the bond—no bond is better than the man, and the best of men fail. However much we may value the moral risk, the property risk must receive due consideration if success is to attend such ventures. Every unsatisfied deficiency judgment attests the fact that a bond has become worthless, and the investment no better than the pledge. Let us examine, briefly, several classes of mortgage loans in the light of their utility and ascertain their status as mortgage risks.

The Farm.

At first sight the farm would seem to lead the list of desirable mortgage risks, and for many years such loans were looked upon as being all that a mortgage loan should be; but experience has taught, that while fundamentally they fulfill every requirement of safety, practically they have been disappointments.

Aside from a place to live and "enjoy the view," the chief value of the farm is in its productivity—its ability to make things grow. It is the nation's best asset and vital to human existence. In some sections farm lands are of great and increasing value, and in others the values are constantly diminishing. The former is true of the West and latter largely in the New England States. One savings bank in Massachusetts that was obliged to close its doors recently, was brought to a state of insolvency through depreciation of its farm loans. The sole value of the farm being dependent upon its productivity, anything that affects the crops affects the mortgage risk. A series of poor years, drouths, pestilences, poor soil or soil exhaustion soon cut into the savings of the prosperous years and foreclosure stares the poor farmer in the face, and with a farm on his hands, the last estate of the investor is worse than the first.

Summer Hotels.

As profitable as may be the business of "taking in" summer boarders, the chief criticism against a property operated for this purpose is that there are times when summer boarders cannot or will not consent to be "taken in." Neither size, location or natural advantages will cure the defect of limited utility, and panics and backward seasons play havoc with the earning power of such properties. Some cheap hotels earn good incomes, while other "swell" hostelries barely pay expenses. A season of ten weeks is all too short to pay the bills of twelve months, and many mountain and seaside resorts have proven veritable "Jonahs" to their owners. The changing tides of travel have left many a fine hotel empty and deserted and the property itself as undesirable as a mortgage thereon. Prior to the Long Beach development, the old Long Beach Hotel was such a property. It was a mighty structure, a quarter of a mile in length and costing upward of $800,000. Extensive improvements were made early in the year 1907, costing thousands of dollars, and as its dors were about to open for the season, fire swept it clean, leaving but a hole in the ground, a massive chimney and $50,000 insurance (all that could be placed) to represent the investment of nearly

a million. Somebody's bond might have saved the mortgagee from loss; but the property risk was very bad.

For Men of Wealth Only.

Perhaps one of the poorest mortgage risks that can be found is the country estate—the idling place for the man of wealth. As a place to play golf and get away from the summer's heat and spend week-ends, (and money) it is ideal; but the trouble is that it is generally unremunerative, expensive to own and to maintain, and only the few can afford the luxury that such life brings. It is said that one country estate on Long Island costs the owner one thousand dollars a day. Unlike its neighbor, the farm, it rarely supports the life that is on it and must be classed as a luxury pure and simple, with no redeeming features aside from the pleasure to be had within its domain. The market is therefore limited, sale slow and very uncertain and under the hammer it would fare badly. The historic failure of the Third Avenue Savings Bank of New York was due, in a large measure, to loans of this character. After the memorable run which "ate its heart out" it found itself stripped of its quick assets, and what was left of the wreck principally invested in mortgage loans on suburban property that proved impossible to realize upon.

The House of Mirth.

In the theater we have another example of one-utility-property, and one of the best. Like the hotel, its value consists largely in its earning power. It caters to the demand for amusement, and when money is plentiful and the people posperous, it may be a good thing; but in reverses it must stand dark and empty. The advent of the five - cent - moving - picture - house has placed many an expensive property in jeopardy. New York City has over one hundred theaters, not counting the "nickelodians," and the surrender to the moving picture craze of some of the best located and at one time successful houses bears witness to the fickleness of this class of property. It can readily be seen that the usefulness of this type of structure having ceased, it could be altered only at great expense, on account of the structural conditions, and in many cases would have to be torn down. The refusal of the best banks and mortgage companies to loan on this class of property is sufficient to stamp such risks as undesriable. Individuals of a speculative turn of mind often make a practice of loaning on theater property, but the risk is a speculation rather than an investment.

The House of Worship.

Church property is in a class by itself. As a mortgage risk it is somewhat similar to the theatre, but with this distinction, that as an institution it has nothing to offer in the amusement line and must cater to the higher instincts of mankind if it would win support.

It has no earning power, and is dependent solely upon free-will offerings, which, on account of changing conditions are apt to fall away at critical times and leave a heavy burden behind. The church that is endowed is rare; the church in debt is common. And the interest charge hangs over the head of the faithful like a nightmare and haunts the poor preacher and his congregation like the shadow of death. All over Greater New York may be found buildings that were once full of prosperous people, now standing idle, with broken windows and mouldy walls, gayly adorned with cheap theatrical advertisements. The utility of such

buildings, while limited, is not absolute, like the theatre, and many such have been turned into manufacturing plants, electric light stations, moving picture shows, etc. Church mortgages are, like theaters, not in favor with the most critical lenders on mortgage security.

The Business Block.

The value of a well located and well built business property cannot be questioned. As long as the human race is "full of desires" buying and selling must go on. And that property which affords the best opportunity to cater to these desires will prove the most desirable risk. Intrinsically, many properties could never have the values that now obtain, were it not for collateral causes that affect the property, such as location, tides of travel, and the volume of business created by favorable situation. The amount of business depends as much upon trivial conditions, such as side of the street, position of the sun during certain hours, the class of people passing and the number per hour, as upon the enterprise and sagacity of the tradesman. The many things affecting trade, naturally reflect upon the rental value and this upon the property value, and in making such loans the value based upon capitalizaized rentals is often taken as the basis. In the large cities these features are more noticeable than in smaller places, yet the underlying principles are the same everywhere.

Some of the vast values in New York are not, in a sense, real, but created by such peculiar conditions. The financial interests that are commonly known as "Wall Street" have created values unheard of and seemingly impossible. Take those banks and brokerage houses to another part of the city and values would shrink over night. But while they "center about the center," it often becomes profitable to tear down a modern fourteen story office building and erect in its place one three times as high. This is now being done for the Bankers Trust Company, corner Wall and Nassau streets.

Such properties are, however, as quick to feel a change for the worse as for the better. Prior to the opening of the Brooklyn and Williamsburgh Bridges, lower Fulton street and Broadway, in that Borough, were lined with substantial stores, which paid good rental and did a prosperous business on account of the crowds passing up and down these streets night and morning. But the opening of the bridges "backed up" this tide of travel several blocks and turned it over the bridges, while the closing of the Broadway ferries within the past two years made a bad matter worse, and a visit to these sections will quickly demonstrate that in the changing conditions due to the growth of cities, such matters must be carefully watched and readjustments made at the least sign of danger. The public improvement that benefits one section is just as apt to harm another,

and he is the lucky man who can anticipate both.

THE POOR MAN'S COTTAGE OR THE RICH MAN'S PALACE.

To live is a necessity as well as to die; but to live within marbled walls, amid costly tapestries and old paintings, is not necessary nor is it always desirable. The same rule by which the grocer thrives along side the jeweler who starves, holds good in this instance. The one is a necessity; the other a luxury. Who could, or would, buy Senator Clark's palace on Fifth avenue? Few or none. The man who could, would want to build one to his own taste and the man who would, couldn't at one hundredth its cost. But let the modest home around the corner be placed on the market and a thousand stand ready to bid, while its wealthy neighbor is begging in vain for buyers. It matters not that the builders have run riot in their endeavor to cater to the wealth of the big cities and build apartments that require fortunes to build and fortunes to occupy, the vast multitude will never be able to aspire to the apartment but must be contented to live in a five-room flat.

Convertibility, the flat, the tenement, the modest two-story-and-basement has none, nor does it need it. The universal demand for cheap rents makes this class of property the peer of all as a mortgage risk. Tenants at some price can always be found—save at times when the exodus to Europe is very great and even then, the tide will always turn backward again. Intrinsically a loan of $5,000 on a two- or three-family house, such as abound in many cities, is vastly superior to a risk on any of the above described properties. The utility of the dwelling may be limited to housing human beings, but as long as humanity must have shelter, and as long as men and women mate and marry, the demand for modest homes will never cease. New York City has a thousand marriages every week. This means a thousand new homes. It means business for the real estate man as well as the furniture dealer. It means good mortgage loans as well as good rents.

If a million dollars were to be placed on mortgage loans, in equal amounts among the various classes of risks mentioned above, and the loans upon dwellings and business properties made to average about $5,000, in the course of a period long enough to make a fair test, say twenty-five years, the results would undoubtedly prove that the loans on property used for dwelling purposes would show fewer losses, less trouble and delay in payment of interest than any other class of risks. Not that there are not good loans to be had on farms and boarding houses, churches and theaters, but the elements that make for strength are so apparent in the former and so lacking in the latter, that good luck as well as good management must attend such ventures if favorable results are to be obtained.

BANK NOT A CREDITOR

IN reports of the bankruptcy proceedings of the National Mining Exploration Co., it has been erroneously stated in a number of instances that the Liberty Trust Company of Boston was a creditor to the extent of $250,000. This statement apparently arises through a misconception of the facts, as the trust company is simply trustee for the National Mining Exploration Company's $250,000 six per cent. convertible bond issue. The National Mining Exploration Company does not owe a dollar to the Liberty Trust Company.

THE RAILROADS AND THE GOVERNMENT

PUT IT IN THE SPECIFICATIONS

By Arthur E. Stilwell, President Kansas City, Mexico and Orient Railway

THE voters of the United States will some day demand stable conditions, such as are needed to conduct legitimate business with safety. They will know that some of the existing conditions are unjust and will investigate and analyze present financial conditions, for it is clearly apparent that the regulations imposed on the railroads are neither logical nor do they evince business sense. Since these regulations annually grow more burdensome and complicated the expense of complying with them is becoming a greater tax on the railroads and on the nation.

With remedied conditions, prosperity and progress would arise on every side and remain with us for years; they are easy to attain—ours when we demand them.

The railroads of the United States now represent an investment of $13,700,000,000; they are run by the railroad commissions of the forty-six different states and by the Interstate Commerce Commission. Admit that all the commissioners are good men, (and no doubt they are), still they are human. Even were they divine could their task be accomplished?

It is just bull-luck that financial conditions are not worse than they are.

Railroads develop the country; they give the nation twenty-five times more revenue than the railroad stockholders ever draw out of their investments.

If it is such a snap to build railroads, why do not some of the states construct railroads, since they dug canals?

Here are the conditions and they are getting worse all the time. When the railroad commissioners were first appointed in each state, there was not in the air such radicalism as now exists; to hit big investments required nerve and they had no striking examples of how to strike capital down and the people did not demand it.

Capital was regarded as a sacred trust and was looked on as a blessing,—as it was.

The railroad commissioners approached their job, gingerly, as a man for the first time goes near an electric dynamo; but at last they got up nerve (realizing that the voters were looking for antagonistic results), and inaugurated requirements, which, at first, did not impose heavy burdens on the roads. But each incoming board of commissioners found so many restrictions exacted by its predecessors, that to show results, it inflicted requirements that did hurt, and that did impose burdens.

Now all these conditions were exacted, by states which had no investment in the railroads; through men with no financial interest in the properties they undertook to run,—men, whom the capital which built the road would never have selected for the job of managing it.

Must the railroads meekly accept unfair conditions for the sake of peace, or fight all the time for their lives? The injustices practiced upon them have become habitual and are silently borne, but how on earth can it be right that people with no interest in the enterprise shall impose forty-seven different kinds

of restrictions upon nearly Fourteen Billion Dollars of invested capital? I firmly believe that the unfairness of this deal is the cause of the panics and depressions of the last ten years.

A Fixed Policy.

I am in favor of controlling railroads by a fixed policy, making the requirements everywhere the same, and as simple as can be framed in order to execute the laws and guard public safety. We have standard fire insurance policies which embody fair conditions. Why cannot the United States and the railroads agree on a fair contract between the roads and the states and govern all by the same requirements?

Why cannot specifications, as for building, be mutually agreed upon so that, when capital makes up its mind to build a railroad, it may read the rules governing the investment and if it does not like them,—may invest in some other enterprise, or go to Mexico or Argentina or Canada, where the building of railroads is cordially invited and heartily encouraged?

If electric head-lights are a requisite, insert it in the specifications; then you will not buy acetylene head-lights on all your new engines one day and the next have to change them for electric lights. If you must run three passenger trains daily, even though there is not enough business for two, put it in the specifications! If you will not be permitted to place advertising matter in the stations, put it in the specifications! If you must manicure the cattle's hoofs and braid pink ribbons in their tails, in transit, put it in the specifications! If a brakeman is needed at the front while trains are running through cities, put it in the specifications! there are hundreds of surprising, similar requirements, lately imposed, which I could mention. Let's find or create a correct, state standard and then adopt it for all roads throughout the Union.

When Mexico wanted to make new railroad laws, it invited all nations to forward their laws; then a committee of Mexicans who understood the business, selected the best, from all the regulations of all nations, and framed the excellent railway laws of Mexico. As a result, railroad builders in Mexico understand, in advance, just what they may do or may not do, and the fixed standard is a relief for the railways and for the nation.

I do not say that in all cases, imposed traffic rates are fair or unfair, but there are hundreds of instances, where the state requirements, as to conditions, are more unfair than the rates.

Panics and hard times may be averted only when the leading enterprises of the country are permitted to prosper through fair and fixed regulations.

A Plan.

This could be brought about if the different states would agree to appointment of an arbitration committee comprising ten or twelve of the representative business minds of the United States; this committee to draft a simple railway law that would be uniform in its requirements. Such board would understand how to cut out the driftwood of complications and simplify the law. Then let each state accept it for a ten or fifteen year period.

This plan would bring great prosperity; the following influx of foreign money would be as great as though a Klondike had been discovered in the heart of the United States.

If the requirements now demanded of railroads in New York State are proper, then, they would be right in Colorado; and if they are wrong in Texas they are wrong in Connecticut.

Make the law so just, that it will tease capital to furnish all the money needed for railroad building; that capital may realize that railroad investments will hereafter be governed by safe and sane laws, all over the country, and that it may make investments which no radical demagogues can oppress, grind down and ruin. Each operating road would then understand

what it must do through its set specifications and if it does not approve the restrictions would refrain from building.

The greatest question before the American people, is to simply solve the railroad problem and to do it quickly, —the quicker, the better!

RAILWAY REGULATION

*By Judson C. Clements

(of the Interstate Commerce Commission)

IN view of the apparent impatience sometimes manifested because of the incompleteness of regulation, we should not forget that the whole railroad development of this country has been effected within the lifetime of some yet living and that no serious attempt was made to regulate interstate commerce until about twenty-four years ago. Those acquainted with then existing conditions with one accord will admit, upon comparison with present conditions, that great progress has been made in the direction of proper control. The subject is too great and the questions involved too important to be dealt other than with the greatest care and caution, in order that progress and not retrogression shall result. It was not reasonably to be expected that the carriers, which, up to twenty-four years ago, were practically free from restraint as to interstate commerce and a law unto themselves, should, in the twinkling of an eye, be brought to a recognition of their just obligations to the public which require that all rates shall be reasonable and just and free from undue discrimination; nor that those who had profited from unjust discriminations in the form of rebates and otherwise should at once be converted in their every-day dealings to the point of eschewing and repudiating these discriminations. At every step in the progress of legislation for the control of transportation, questions of constitutionality have been raised as well as questions of policy and of the practicability of regulation.

The Need of Regulation.

Regulation is constitutional, practicable and necessary. The present single track railway mileage in the United States would several times belt the earth and is equal to about the distance from the earth to the moon, and if the double tracks, sidetracks, etc., were added, the total mileage would of course be vastly increased. During the fiscal year ending June 30, 1907, the railways of the United States, according to their reports to the Interstate Commerce Commission, received in gross revenue over twenty-eight hundred million dollars, whereas in the same year the entire circulation of the United States, including money, certificates and treasury notes, was something over twenty-seven hundred million dollars. It will thus be seen that the carriers received about one hundred million dollars more within that year than the entire circulating medium of the country. These figures, as well as the mileage referred to, are stated for the purpose of drawing attention to the tremendous importance of the questions involved and not as a basis for discussion of the reasonableness of rates or earnings.

Each of the ninety million people of this country is vitally affected by transportation rates and facilities. The command of the law is that rates shall be reasonable and just and free from undue discrimination. This is the sum and substance of the purpose of the statute of regulation. Reasonableness and justice are the soul and spirit of the law. All the subsequent provisions of the statute are matters of detail and machinery intended for no other purpose than to give effect to these substantive requirements. There is nothing radical or revolutionary in a statute intended to accomplish such a purpose. These requirements are in harmony with

* From an address by Mr. Clements before the Traffic Club of Philadelphia.

the time-honored principles of common law and equity for ages approved by the judgment and conscience of mankind. These commands of the statute and the machinery to give them effect became necessary not because of any new departure from well-known and long established principles of justice and equity, but because it was demonstrated by experience that on account of the peculiar nature of transportation conditions and the questions arising therefrom the usual methods of procedure in the courts suitable to the settlement of ordinary controversies were wholly inadequate to the protection of patrons of carriers against unreasonable rates and undue discriminations, and this for manifest reasons. Unjust discriminations directly and indirectly work injury to the victims thereof in manner and degree beyond measurement or ascertainment, so that adequate reparation is impracticable.

Prevention.

It follows that wise legislation will continue to look to the prevention of such wrongs rather than to reparation after the wrong has been accomplished. It also follows that the collection of unjust rates should be prevented as far as practicable, and to this end the laws should provide that a proposed advance in rate, especially when the previous rate has been maintained for a considerable period by the voluntary action of the carrier, shall be held in abeyance until its reasonableness and justice are investigated and passed upon. This would be in the interest of all concerned. The carrier would thus know in advance the amount that might lawfully be collected and retained and the shipper would not be required to pay an excessive charge and then have to rely solely upon a claim for reparation because of an injury the extent of which in dollars and cents it is impossible to measure. Again, in such cases the only person who may claim reparation would be the owner of the freight while being moved as such. But he might not have suffered the greatest injury. The person really damaged most might be the seller of the freight or the purchaser thereof, or both, the purchasing and selling price being affected by the freight rate.

Every unjust rate affects not merely the individual, but the community at large in greater or lesser degree, and often the rates which a carrier may be required to establish affect the rates of other carriers, so that in order that full justice from every standpoint may be secured and no undue burdens placed upon the individual shipper or upon a particular locality the Interstate Commerce Commission should have authority comprehensively to investigate complaints and make orders for the correction of wrongs involved in the whole situation before it, subject, of course, to such review as the law provides.

Basis of Rates.

It is contended by some that the reasonableness of rates which carriers may charge has no relation to the cost of service or to the value of the property devoted to transportation. If this contention be sound and a carrier may earn ten, fifteen or a hundred per cent. in profits on investment without being amenable to the charge of exacting unreasonable rates, it must follow as a matter of course that the freight-payer can have no concern in the matter of capitalization. But such is not the view of the courts, and so long as they hold that the carrier is entitled to earn a fair profit and no more on the value of its property devoted to transportation the shipper has a direct interest in the obli-

gations and fixed charges which must be met by the carriers out of earnings before profits to the stockholders are reached. It is almost universally true that in important rate cases the carriers show the diminution of their gross receipts by the amount of fixed charges, including interest on bonds and other obligations, sinking fund, etc., in order to show that there is no undue profit to the stockholder or owner after meeting all these obligations. If these obligations are recognized as binding, as they are and must be in the absence of any law prohibiting their issuance—especially in the hands of innocent holders—it is much easier to show small profits to the stockholder or owner. In the Chicago & Alton investigation it appeared that ten million dollars of its bonds, taken by the promoters of the reorganization at sixty-five cents on the dollar, were thereafter taken at ninety-six cents on the dollar by one of New York's great life insurance companies, holding investments for the benefit of widows and orphans. If such obligations were held to be void because mere water inflation, the innocent holder will have been cheated and robbed. Until the nursery story of Aladdin and his lamp is established as an actual verity I shall continue to believe that ultimately the money must be contributed by somebody to take care of the obligations by means of which these great profits, or rather absorptions of money, have been effected in the manner indicated.

Capitalization.

It is even argued that the increase of capital stock by a dividend distribution of new issues among the stockholders is not reflected in the rates, is to the benefit of the public, and injures only the stockholders as injuring the borrowing ability of the corporation.

If the rates are so high as to pay eight, ten or twelve per cent. dividends, the public rebel and multiply embarrassments, but by doubling the stock instead of reducing the rates, resulting in four, five or six per cent. return, allays agitation, and yet the original investment still earns the higher rate. The direct result of such increase in capitalization is to measure the reasonableness of the rate by the fictitious capitalization and to make impossible the reductions to which the public is fairly entitled.

Where any relation is claimed between investment and reasonable rates the tendency toward excessive rates by fictitious capitalization is so apparent as to make denial absurd.

In the matter of earnings of the Suez Canal is a striking example of the effect of a limit of capitalization and profits. That company is forbidden to earn more than twenty-five per cent. upon the investment and therefore is forced to the necessity of occasionally reducing its rates. It would be more adroitly managed here.

Instances of the inflation of stock by the distribution of newly issued stock as dividends to regular stockholders are numerous in the history of the financial operations of our railroads. According to a statement filed in the investigation of the Harriman lines, wherein it was sought to justify the Chicago & Alton transaction, the stock of the Louisville & Nashville Railroad Company was increased 100 per cent. in 1880, the increase being distributed as dividends among the owners of the stock in proportion to the amounts owned by them.

The Northern Pacific in 1881 capitalized under a new accounting $4,667,490, issuing dividend certificates therefor which were subsequently converted into third mortgage bonds. In 1889 the same company taking declared earnings, which had been appropriated by previous boards for equipment, gave them to preferred stockholders as dividends and a deposit of consolidated mortgage bonds was made with the trustee for their benefit.

In 1881 the Atchison distributed fifty per cent. dividend in capital stock.

In order to make such distribution of stock as dividends the Rock Island having issued additional stock in insufficient quantity for the distribution, purchased in the market 7,716 shares that the remaining stockholders might have their pro-rata dividend.

READJUSTMENT

A SHORT SURVEY OF PROGRESS ALREADY MADE TOWARD SOUNDER CONDITIONS

By John Terret

THE most casual survey of the financial papers which were published around the beginning of the year, shows how thoroughly optimistic general sentiment was at that time. In the so-called reviews and forecasts, in the interviews with the captains of industry which were given out at the time, in the editorial comment upon the situation, a roseate hue pervaded everything. 1910 was to be a banner year, industry and commerce and finance were to reach heights never before attained. The boom of 1906 had been but preliminary; 1910 was to see the full development of the movement—a forward movement in big affairs never before equaled.

It is almost pathetic, in view of what has happened, to look over these roseate forecasts of what the present was to have been. Instead of the forward movement in industry which was to have made the whole world stand agape, there has been a steady and continuous tapering-down of industrial activity; instead of the record prices for securities which were so freely predicted and with such confidence, there has been a long, and painful and protracted decline. In finance and commerce it has been a steady period of readjustment.

In Commercial Conditions.

That there was plenty of necessity for the readjustment which has taken place is fully evidenced by a glance at general commercial conditions prevailing at the year's beginning. At that time, it will be recalled, business of every sort was being done under forced draught. The panic had been met and passed. Not so full a liquidation of labor and of business in general had been made as might have been desired, but the country's industry had again apparently struck the path of progress and business was being done on a rising plane. With characteristic American enthusiasm bred of a desire to put behind us as far as might be the unpleasant conditions prevailing in 1907, business men in every direction laid big plans and prepared to carry them out. In the manufacturing industry large extensions and betterments were planned whereby capacity was to be greatly increased. In the building industry all sorts of ambitious ideas and projects were set under way. The managers of the big railroads, too, caught the spirit, and, with the money which they expected to be able to borrow so easily, made arrangements for extensions and betterments on a most enormous scale. It was difficult indeed to find a single line of industry in which there did not prevail a spirit of hopefulness manifesting itself in almost frenzied preparations to increase the capacity for doing business.

By every one who has been in touch with mercantile conditions, the difference between the way business was done then and the way it is being done now, is well known. For a while after the first of the year, there was a strong disposition to fight the idea that a false start had been made—a determination as it were to carry out things as they had been planned. Not much time had

elapsed, however, before it became plain to cooler heads that a mistake had been made, that such a pace as had been set could never be maintained. That instead of the heights which were to have been scaled, industry was face to face with a period which would call for retrenchment and readjustment of a drastic sort.

Iron as an Example.

It is impossible in the space alloted here to go into the details of various lines of industry. The iron business may be taken as an example. The output of iron, it will be recalled, had in December of last year reached absolutely unprecedented proportions. The steel business was active, it is true, and a great demand for iron existed; but, when December's production crossed 2,600,000 tons, that the thing was being over-done was generally acknowledged by all those connected with the trade. Iron at that time was being stacked up in the yards—held in anticipation of higher prices. Steel men knew it. They knew too, that unless some sort of a check was put to the thing there was bound to happen in the iron industry just what had happened in copper—a state of almost hopeless surfeit and over-production.

January came along with a record of iron production showing that realization of these things had by no means become general. For February, too, a short month, the output was on a tremendous scale. But in March, a more sane view of things began to be taken and the producers to realize that, for the good of the situation, too much iron was being made. Would over-production be continued until the breaking point was reached, or would the situation be taken firmly in hand and the output of iron gradually reduced? Fortunately the latter course was adopted. March showed a little falling off, April a little more. In May and June further progress was made. Gradually the making of iron assumed normal proportions. For July and August it has been on about the same scale as during the corresponding months last year, when the boom first began to get under way. Nothing is heard now of over-production, or of iron being stacked up in yards awaiting to be sold.

In Other Lines.

That is what happened in the iron trade. It happened in a good many other lines. In textiles the mills began to curtail, to run on slow time. In the building industry over-ambitious projects were gradually abandoned. Through all industry and trade, a more conservative spirit began to make itself felt. For once, fortunately, business men in general realized that they had been heading towards a dangerous situation, and that if a serious commercial crisis were to be avoided, it was necessary that the situation be handled with firmness and in a spirit of moderation.

In the Financial World.

Comprehensive as was the readjustment which took place in the commercial world it was no less so in the world of finance. From an inflated and artificial level, security prices fell continuously, until they reached a point where a man would have to be a pessimist indeed to say that they had not come within measurable distance of values. The output of new securities, in the second place, which, during the opening months of the year had broken all records, and threatened the markets with another attack of acute indigestion, was cut down to almost nothing. A banking position, in the third place, which in the spring had rightly given cause for great uneasiness, was, by the exercize of firmness, moderation and forethought, converted into a position of really very great strength.

Security Prices.

Of the decline in security prices which has taken place it is unnecessary to say much—investors are unfortunately too familiar with it already. Whatever may have been the criticisms early in the year on the way in which security prices had gone beyond the line of values, it can hardly be claimed that in

the big decline which has taken place a radical readjustment of prices and values has not been made. Arising from the over-enthusiasm with which the year began, a number of pools and light waisted speculators had by mid-year got themselves into pretty deep water. Relying upon a public interest and participation in the market which never materalized, they had taken on long lines of stocks, of which they finally found it impossible to dispose.

The summer months, it will be remembered, were marked by the clearing up of a number of accounts of this sort, by the taking over of speculative accounts by strong banking interests. In some cases, notably in that of the Pearson syndicate, the splash made by the entrapped fish was so great that it was impossible to hide it from the onlooking public. Aside from the rescues which were made in broad daylight, however, a good many strangling speculators and little pools were helped out without the details ever coming to light. It was on a big scale that the process went on, and through it the situation was very much cleared up. It was all a result of the big decline in prices which was taking place—all a phase of the big readjustment in prices which was going on.

New Securities.

Similarly with regard to the check put upon the output of new securities. As with the speculators whose over-enthusiasm got them into trouble, so leading commercial interests seemed to get the idea that they could issue unlimited quantities of securities, and forthwith proceed to do so. After the process had been going on for a little while it became apparent that no sufficient power of absorption existed. There was some little demand for the securities on the part of the investors, it is true, but not nearly enough to take care of these masses of new bonds which were being shoveled out on the markets.

Bank Conditions.

A banking situation, too, which in the beginning of the year it seemed hardly possible could be built up to sufficient strength to meet the crop-moving demands, was, through heavy imports of gold from abroad, receipts of cash from other directions, and curtailment of loans, built up into a position of very great strength. After the July first report of the Comptroller had made evident into what an extended position the Western banks had got themselves, notice went forth that a check must be put upon the land speculation, that these Western institutions *must* put themselves in shape to meet the crop-moving demands.

On both ends, thus, the situation was strengthened—great reserves were accumulated at New York, while the inordinate demand for cash with which it had seemed the New York banks would find themselves faced in the autumn, was reduced to average proportions.

With the above facts in mind regarding the readjustment which has taken place in both commerce and finance, it is plain that a very great improvement in general conditions has been brought about. How far has the readjustment to go?—that is the great question and one not easy to answer. That it has gone a long way, however, and that the end of the period of readjustment cannot be so far ahead, seems a reasonable conclusion. For a time, while political and other conditions cloud the outlook, a period of uncertainty is bound still to prevail, but in this idea that there has been a big readjustment already and that it is *somewhere* near its completion seems to be good reason for

believing that the situation is very far from being as bad as it looks—that we are running into a period of better things.

WITH REGARD TO PRICES

By John W. Morrison, of Norman W. Peters & Co.

FOR the second time in the history of Wall Street the old time theory that if the prices of stocks were put high enough the public would come in, has been proven a fallacy, the first time being in the bull movement which terminated in the panic of 1907 which has passed into history as the "rich man's panic."

The Public Looked On.

The year 1909 was decidedly a bull year, many securities selling at prices never before reached, but notwithstanding this fact, public participation was at a minimum. This was accounted for in part by the fact that at the inception of this bull market, in October and November of 1907, the funds of the public were unavailable to them owing to the fact that the banks were taking advantage of the delay clause in the case of withdrawals. When this money became available the market had experienced a perpendicular advance which conditions did not seem to warrant, so that the average outsider assumed a waiting attitude which was as a rule held throughout the entire swing of prices, nothing worthy of the name of reaction occurring. This is one principal reason for the fact that the general public played the role of the onlooker in Wall Street for so long.

The year 1909 closed with many optimistic promises as to general business conditions and outlook for higher security prices for 1910, none of which roseate forecasts have been fulfilled. The promised and expected "January boom" failed of materialization and in its stead we had the Columbus and Hocking Coal and Iron, and Rock Island fiascos. Then the fear of adverse decisions from the Supreme Court in the Standard Oil and American Tobacco Company cases began to make for lower prices. Later bad news from the spring wheat belt served as a depressing agency and lastly the railroad bill, which has since become law, served the bears as excellent ammunition, all sorts of dire predictions being made as to what the bill would contain when it passed Congress.

The Railroad Bill.

This bill is by no means as bad as the railroad presidents would have us believe to be the case. As a matter of fact the railroads seem to be reaping what they have sowed for years by their methods of clubbing their small patrons until a sentiment sprang up in every State which resulted in severe legislation for the protection of the individual against the corporation. This sentiment happily is dying out very fast.

The railroad bill as finally passed by Congress does not seek the undoing of the railroad interests—far from it—but it does seek to establish justice between the roads and business men. This bill, which has been decried so much of late, *will eventually be regarded as a bull argument* upon railroad stocks and a protection to the holder.

To get a line as to the probable effect of this law upon the prices of securities, it will be necessary to go back somewhat, say to March, 1904, when the Supreme Court of the United States handed down a decision in the Northern Securities case adverse to the roads. Being unexpected, the market broke badly for a short time, but then righted itself and started upward upon a movement which terminated with the 1907 panic. This, notwithstanding that a great many business men were convinced that the government was interfering with business enterprise and adopting a policy much too "paternal." The railroad bill has been anticipated for months and months, its terrors being exaggerated many magnitudes while in progress of becoming law—hence it has been discounted in Wall Street.

As usual we are taking our politics too seriously and forget that the United States is like a growing youngster who

has slight ailments now and again, but is always progressing toward sturdy manhood. To be sure we have ills—what individual, family, township or nation has not—but no man can afford to become bearish on the United States with its great resources and fast increasing population, nor upon the securities of its great corporate interests whose prosperity is bound to keep pace with that of the country.

The Swing of Prices.

It must be always borne in mind that there are two sides to the market—the public has been prone to forget this in the swings from one extreme to the other—when it has been rising they have become over enthusiastic and thought the advance would last indefinitely. On the other hand, when prices were falling they concluded that the industries of the country were doomed and that security prices would never recover notwithstanding their experience to the contrary.

The swing of prices can best be illustrated by the pendulum of a clock, dead center representing intrinsic value. The pendulum swings to the right and to the left of the center just as security prices swing above and below intrinsic value.

Whenever quoted prices get below intrinsic value, *then* the market is in process of turning even though the influences may not be discernible at first, but they are surely at work and will surely swing the trend of the market.

There seems to be little doubt in anyone's mind to-day but that our standard securities are being quoted for less than their intrinsic value, nor is there any doubt but that they will sell much higher in the future, even though they may go temporarily somewhat lower. The last is problematical—they may have seen bottom—but the first is a certainty. No man ever lost money in purchasing anything for less than its value provided he bided his time until the value asserted itself as it invariably has.

ADVERSE INFLUENCES

UNFAVORABLE FACTORS IN THE SITUATION SUMMED UP FROM AN AUTHORITATIVE POINT OF VIEW

TROUBLE is about the easiest thing in the world to borrow. "Disturbing Influences" are about the easiest thing for market commentators to find. There *are* disturbing influences in the present situation, but neither as numerous nor important are they as a good many writers would have us believe. In view of all the irresponsible talk going the rounds, the following summary of "disturbing influences," coming to us from the biggest bank in the West,—the Continental and Commercial, of Chicago—ought to be interesting. "It may be said," says this summary, "that the disappointment has been due, not to any change in fundamental conditions, but to a reaction from the extreme optimism of last fall. The country was exhilarated then by the

feeling that the depression was over and that another period of prosperity was ahead; for the moment it could not see a cloud in the sky or an obstacle in the road. But there are always problems and perplexities to be dealt with, and we had not gone far in 1910 until some were met.

Adverse Trade Balance.

Early in the year the unsatisfactory state of our foreign trade occasioned grave concern. With our imports passing all records, the prices of our principal products above an export basis and our trade balances falling toward the vanishing point, how were we to settle the enormous indebtedness that is constantly accruing from the so-called 'invisible' items that enter our account with Europe? These are the expenditures by tourists, freights paid to foreign shipping, interest and dividend payments on our securities held abroad, individual remittances, etc. A large merchandise balance in our favor is needed to offset these items, and in its absence we must either borrow, which is a temporary expedient, or sell securities, which means that the security market must come down to an export basis, or we must ship gold out of our bank reserves. With bank loans at a high level, heavy gold exports are a serious matter, while the other alternative, lower prices on securities, is certain to be more or less disturbing. The situation was finally relieved by the latter process; gold exports were stopped by the sale of large blocks of bonds, and our standard stocks are now at a level where there is a broad international market for them.

Court Decisions.

Other disturbing influences have been the court decisions under the anti-trust act and the controversy over railway rates. When the law as to industrial combinations is finally settled, business will doubtless be adapted to it, but so long as the law is undetermined, apprehensions concerning the outcome will affect enterprise unfavorably. It seems certain that in the long run the laws will have to be such that industrial development can go on in a normal and effective manner, and so framed and enforced that while the public has a remedy against the exactions of monopoly, the wastes of excessive competition may be avoided. How this may be accomplished and a just distribution of the benefits secured is the problem with which the courts and lawmakers are now engaged. It cannot be avoided, and can only be solved by patient and fair-minded inquiry and experiment.

Freight Rate Controversy.

The discussion over the measure enlarging the powers of the Interstate Commerce Commission and the controversy over the efforts of the railways to advance freight rates, have occupied large space in the newspapers and been an influence in the conservative attitude taken by investors. Unquestionably the expenses of the roads have been greatly increased by the concessions made to their employees and the rising prices of all supplies. Their earnings have also been unfavorably affected by decisions in specific rate cases. The rival cities of the country, in their fight for trade, are contending constantly for freight rates that will improve their position, and the success of these contentions usually involves loss to the railways. The result of this constant pressure and the uncertainty as to future revenues has caused the roads to hold up a large amount of expenditures which they have planned. A competent authority estimates the amount of such outlays immediately affected at $500,000,000. We regard this check as but temporary. Now that the principle of railway control and the supervision of rates by public authority is definitely established and in force, we look to see an important body of public opinion take a stand for a fair and reasonable adjustment of the rates.

Level of Costs.

The demands of wage earners, based upon higher living costs, for higher wages, have been generally conceded without serious disturbance to industry. There has been, however, an unfavorable sentimental effect, the impression

being widespread that our industries are operating upon too high a level of costs for a permanent prosperity. It is significant, however, that our exports of manufactures steadily increase, indicating that we are gaining ground in the world's markets. High wages are not necessarily a handicap to industry; they are always an accompaniment of industrial progress. The more efficient and productive a people become and the more machinery they use, the higher the wage scale will be, and the higher the standard of living. The wage scale and standard of living of one generation are no criterion for another generation.

Particular industries have had their own special difficulties, due to temporary and abnormal conditions. The cotton mills are largely idle because the price of cotton cloth is out of line with the price of raw cotton. Whether the holder of raw cotton or the buyers of cotton goods are right in their forecasts of conditions after this cotton crop matures remains to be seen, but at present the merchants are selling their shelves bare and Massachusetts mill owners have been sending raw cotton to the New York market to be resold. The woolen goods industry is also demoralized, apparently as a result of overstimulus last fall. A large proportion of the spindles have been idle, and wool has been nearly as cheap in the United States as in the London market, despite the duty. A deadlock has existed between the wool growers and buyers, but latest reports indicate that the market will right itself this fall on a somewhat higher basis.

Prosperity Notwithstanding.

Despite the unfavorable developments we have referred to and notwithstanding some discordant notes, the general tenor of replies to our letter of inquiry is confident and encouraging. The country is prosperous. There is work for everybody, in many localities complaint that production is restricted for want of labor and the competition of employers is pushing wages steadily higher. It is interesting to note the complaint everywhere that the automobile industry is making labor scarce and dear, for it illustrates how each development of civilization reacts upon the condition of the humblest member of society.

The volume of business has been large, but there are frequent complaints that competition is sharper and the margin of profit smaller than ever, that labor is dictatorial and that improved methods are constantly required to offset its demands. But the story of industrial progress reads like that from the beginning.

It is a common expression from the smaller cities and towns that nothing is known there of business reaction or of threatened trouble save what comes from the few large centers. To them the

country seems very prosperous and conditions sound. Many of them express some impatience over the conservative attitude of the banking fraternity, whom they accuse of being frightened at shadows. Nevertheless, it is apparent that the note of warning was well sounded and that a wholesome effort to check the expansion of credits has been made, and the country is in much better condition because of it.

The entire West has been enormously, almost wildly, prosperous. The basis of this prosperity has been the high prices for farm products, which have furnished the farmers with the means to build better homes and barns, drain their lands, buy improved machinery, enlarge their farms and in not a few instances commit the oft-heralded offence of buying an automobile. We have made considerable inquiry into this, and our information is that the farmer who buys an automobile generally pays cash for it and is better able to own it than most of the town purchasers. It is probably of more real utility to him than to any other class of purchasers."

THE AUTO AND THE BOND MARKET

By Franklin Escher

TWO or three years ago it would have been impossible to consider the automobile seriously as a factor affecting the state of the financial markets. Not so to-day. In some of the diatribes current against the popular "gas buggy" the extent of its influence is very much exaggerated, but that the automobile craze is now exerting a distinct and positive influence on the bond market is generally admitted. It is impossible to get away from it. Evidences of it are to be seen all the time.

As it affects the investment markets, the automobile craze should be considered from three points of view—first, with regard to the way in which it absorbs money which would otherwise be invested in securities; second, with regard to the way in which the purchase of automobiles has reduced and is reducing the average bank account; third, with regard to the amount of capital and labor which the industry has drawn from more productive lines and is now unproductively employing.

Diversion of Capital.

Looking at the question from the first point of view, it is undeniable that the automobile is using up great amounts of money which formerly found their way into investment securities. Little need be said regarding the extravagance manifested in this regard—the determination on the part of one man to own a car because his neighbor owns one—the utter disregard of the disproportion between the expense involved and the income enjoyed. In every direction, instances are to be seen of persons who, ten years ago, would have deemed the maintenance of a horse and carriage a gross extravagance, now in possession of automobiles worth anywhere from one to five thousand dollars. "How in the world does he do it? how on his income can he afford to run a car?" Very likely he can't afford to run it, but run it he does nevertheless. Smith has a car, and so Jones must have one, too. It makes little difference if Smith's income is five thousand dollars and Jones' only three thousand. Appearances must be kept up. If everyone has an auto, I have got to have one, too. If economy as a result is necessary, very well, I'll economize in some other direction.

That is the spirit which is responsible for this trimming of the sails much closer to the wind now than formerly, for the fact that everyone is inching closer and closer to the dead line of expenditure. The five hundred dollars or the thousand dollars which used to be saved out of the three-or-four-thousand-dollar-income are no longer saved.

In their place, a car of a little better quality and of a little higher price stands at the door. The annual visit to the banker, as a result of which another bond used to be put into the family safe deposit box, is no longer made. Individual amounts involved are small. The aggregate is enormous. Bond dealers all over the United States are feeling it and feeling it strongly.

Profit for Pleasure.

Then with regard to the second viewpoint, it must not be lost sight of that the possession of an automobile means infinitely more than the initial expense. In the first place, there is the up-keep —regular expense for gas, tires, etc.,— and of even more importance than that, there is the depreciation to which, unfortunately, so little notice is generally given. A man buys an auto. It cost him so-and-so much. He figures that to run it will cost him so-and-so much. But how often does he figure that each year from one-third to one-fifth of the initial expenditure must be charged off —that in the course of a very few years he will have something on his hands worth only a very small proportion of what he paid for it? And just there lies the force of this second point. He has had a car; he has become used to it; he needs it; he wants it. When his car gets out of date, useless, he has to have another. If his income has not provided sufficient accumulation, the chances are more than good that the money needed will be taken out of whatever he may have previously accumulated. That process is going on all over the country and to an enormous extent. Bank accounts are being drawn down. Bonds which have been held for years and years are being sold. The money is there; the car is wanted; human nature is frail.

Selling of securities on that account has during the past couple of years reached no inconsiderable proportions. Again it is a case of the individual amounts being small but of the aggregate being large. Bond dealers used to have numbers of clients who came to them about once a year with one thousand or two thousand dollars and put it into a bond or two. They still have a few clients of that kind. But they have more now-a-days who come to them with a bond or two and ask them to sell them for them. "We need the money," they say.

The Economic Consideration.

So much for the direct influence of the automobile on the market for securities. There is a third side to the question, which must also be considered. The fact is that the establishment of this huge industry during the past decade has resulted in the diversion of the labor of thousands of competent workmen and of millions of dollars from productive to unproductive enterprise. The railroads have felt it. The factories and mills have felt it in the loss of their skilled workmen, who have found that they could make more money in the employ of automobile manufacturers. Men who have planned to establish productive industries of all sorts have felt it. When they have tried to raise the money which they thought they could get, only too often have they found that the capital has already gone into an automobile plant. There is only so-and-so much capital in a country like this after all, and when hundreds of millions of dollars of it are taken and put into a new industry, its loss is bound to make itself felt.

In speaking of the automobile industry as "unproductive," the fact is not lost sight of that the manufacture of commercial self-propelled vehicles is by no means an unproductive industry. Some of the automobile business as it stands to-day established is just as legitimate and important to the welfare of the country as the manufacture of farm wagons or trolley cars. But not any very great part of it. It is impossible to deny the fact that by far the greatest portion of self-propelled vehicles manufactured are for pleasure purposes, pure and simple—that they wear out in the course of a very few

years, leaving absolutely nothing to show for the capital invested.

It would be a very narrow person who would fail to realize the economic benefits accruing from the advent of the automobile—the greater degree of comfort in living which has come with it, the closer communication and the greater degree of fellowship which it has made possible. That, however, has nothing to do with the question at issue—the question of how the automobile has affected the market for investment securities. As has been said, the harm which has been done has been very much exaggerated. But that the prevailing stagnation in the market for bonds is due very largely to the automobile seems an incontrovertible fact.

"WISE SAWS AND MODERN INSTANCES"

By Aleck Smart

THE fetich worship of Wall Street is just as distinct and prevalent as that of Central Africa. The poor native on the headquarters of the Congo pins his faith on the bit of bone or skin or claw which he carries around with him—his more civilized brother at the ticker pricks a hole in the tape about to come through the machine and makes up his mind to buy whatever stock happens to be quoted on the place where the tape has been pierced. He is a slavish adherent to tradition and the "wise saws and instances" which have been handed down in the Street from times immemorial, and cheerfully loses his money according to the routine prescribed.

"Sell 'Em When They're Strong," Etc.

Of the sayings of the Street which pass current in every broker's office a hundred times a day, none, probably, is better known than the one which admonishes you to "sell 'em when they are strong and buy 'em when they are weak." Contrary to what the average man has a tendency to do and wants to do, this maxim of the Street, for newcomers, especially, has always had an irresistible fascination. There is something so thoroughly professional about it—it seems to show such innate knowledge of the mysterious forces which cause the market to move. Stocks get strong—it is naturally the tyro's idea that they are going to get stronger and that the thing to do is not to sell but rather to buy more. How different this advice confidentially handed out by the customers' man—"They're strong now and you have a profit; presently they'll be weak; sell them now." Surely this is a key to the way things go. Surely this is keeping out of the way which losers follow, and the way to keep in unison with the great inner line of market forces directing the course of things.

There is some sense in this maxim about selling on bulges—there is some sense in all of these Wall Street sayings—but, on the other hand, a very short trial of that sort of thing will quickly convince the new comer that the thing isn't as easy as it looks. Superficial reference to past records only is necessary to show that the market is by no means weak one day and strong the next and so on. On the contrary, it is sometimes strong day after day, or weak in the same fashion. The fact that stocks bulge, by no means shows the prices are again due to fall off. Not infrequently a sharp bulge is the fore-runner of a protracted advance.

Inside Information.

Another Wall Street maxim which has a good deal more sense than the first one mentioned is that which bids the trader beware of inside advice. "If I could only get some real, good, inside, information on some of these stocks that move up and down in Wall Street, what a lot of money I could make"—how often has this thought gone through our minds and how many people has it

tempted to take unwarranted risks with their money? And yet, among those who are most familiar with the game it is this very inside information which is most distrusted and feared. With the wrecks of those who have pinned their faith to it, the financial shores are literally strewn. "Inside information!"—There is such a thing, yes, and when it is the right kind of inside information, money can be made out of it. But how often is information of this kind actually accessible to the outsider? Sometimes.

The Ticker Tells.

Then there is another superstition down in the street that "the ticker tells the story." Just how an idea of that kind has been able to survive the actual course of prices is hard to see. It is indeed a striking tribute to the credulity of those who dabble in stocks and their usual slavishness to hide-bound tradition.

"The ticker tells the story!" Yes, it is true, but only long after the event has taken place. Consolidations go through, a railroad deal is pulled off, the stock of the company concerned lies absolutely inert. Only when the deal is announced, only when the insiders have got the stock they want and the cream is all off, then come the fireworks on the ticker. A lot of good they do the average trader except to make him lose his money faster.

Selling on Good News.

Again, there is the saying about selling on good news, in which, it must be admitted, there is a good deal of underlying sense. Reference to the market course of stocks whose dividends, for instance, have been raised during the past couple of years shows how seldom it is that the favorable development has been followed by increase in the price of the security. On the contrary, how often does it happen that the announcement of an increased dividend is followed by a drop in the stock! There are some sorts of good news on which it may be well to buy, but nine times in ten, for a time at least, stocks can be sold on the unexpected announcement of some development of a favorable character.

"When the Sap Runs Up—"

Then there is another saying which the hoary-headed habitués of brokerage offices seem to enjoy getting off, particularly in the late winter months. "Buy them," they say, "buy them when the sap runs up in the trees." Answer to that is merely a matter of record. Take any good record of stock prices and see how often February and March have been a period of rising prices. Sometimes they have been, sometimes they have not. There is no rule about it one way or the other.

Taking Profits.

But of all the sayings which tend to confuse the mind of the new comer and help him to lose his money, perhaps the most important is the one which the smug office-man gets off about "no one ever gets poor taking profits." Strange as it may seem to the average trader in a brokerage office, one of the hardest things is to see profits accumulate. He can see the market go against him and a loss of one point, two points, five points, stare him in the face, but if he has nerve he will grit his teeth and make up his mind to pull out of it. But let a stock come his way—let that same profit of one, two or five points accumulate to his credit. If he is human, an irresistible desire to cash in is bound to seize him. His profit stares him in the face. He does not want to take a chance on letting it go. He sells out. The stock whose movement he had correctly forecasted in his mind keeps on going up ten, perhaps twenty points more. But he is out of it. It has not done him any good. He figured that he would not "get poor taking profits."

ATTRACTIVE INVESTMENTS

THE following question, which was sent in to the Wall Street Journal, is a succinct expression of what is at present uppermost in a good many in-

vestors' minds. The question, and the answer which was given to it, are as follows:

I have about $60,000 to invest and prefer railroad securities. Do you think the present time favorable or would it be advisable to wait? Would you kindly suggest such railroad securities which you consider first-class and reasonably secure as to dividends, etc.? Do you consider Union Pacific relatively as cheap and secure as anything on the list?

Answer: From the action of prices of standard issues and the technical position of the whole market it does not appear that the bear trend, which has been in progress since August, 1909, has given any definite signs of turning, and consequently it would not be surprising to see quotations lower from time to time. Practically all high-grade railroad shares have suffered severely in this decline, the average being thirty points or more. At this level the average yield is in excess of 5.6 per cent., which return is quite equitable and should prove attractive to those investors who are looking towards safety of principal and continuance of dividends primarily, rather than to be able to secure the very lowest quotation on declines.

If a preference exists for railroad shares a careful selection scattered along the following list should meet requirements: Louisville & Nashville paying 7 per cent., yielding 4.92 per cent.; Union Pacific paying 10 per cent., yielding 6.25 per cent.; Chicago & Northwestern paying 7 per cent., yielding 4.92 per cent.; Pennsylvania, 6 per cent., yielding 4.68 per cent.; Illinois Central, 7 per cent., to net 5.42 per cent.; Southern Pacific, 6 per cent., quoted to return 5.30 per cent.; Atlantic Coast Line, 6 per cent., to yield 5.45 per cent.; Atchison, 6 per cent., now on a 6.12 per cent. basis. Chesapeake & Ohio is a system of great promise. Its stock pays 5 per cent. and yields 6.84 per cent. It is more speculative than any in the foregoing list, but this return is fairly well secured. These corporations have splendid physical properties and earnings in past years have been sufficient for dividends with a comfortable margin. The stocks have a ready market, and being susceptible to all change in the general price movement should show appreciation with any return of the upward swing—at least they have as good chance as any others on the list. Since 1905 the surplus available for Union Pacific common has certainly been sufficient to justify the 10 per cent. disbursement, and from the present rate of earnings, it appears as though no difficulty should be experienced in maintaining this rate. This surplus in 1906 was 14.2 per cent.; 1907, 16.5 per cent.; 1908, 16.2 per cent.; 1909, 19.1 per cent., and in the fiscal year ended June 30, 1910, it was approximately 19 per cent.

The preferred stocks of the better class industrial corporations do not offer the same possibilities marketwise as the railroads, since they are more inactive, but they make good investments for the business man, and give a high yield at these levels. Among the many of this character might be mentioned the preferred stocks of such corporations as United States Steel 7 per cent., now returning approximately 6.08 per cent.; International Harvester 7 per cent., to net 5.83 per cent.; National Biscuit 7 per cent., to net 5.85 per cent.; Virginia-Carolina Chemical 8 per cent., to net 6.66 per cent.; American Car & Foundry 7 per cent., quoted on a 6.36 per cent. basis. If you care to give any consideration to railroad bonds, we might suggest a few such issues as Atchison adjustment 4s, Rock Island Railway refunding 4s, San Antonio & Aransas Pass 4s, Wisconsin Central general 4s, as attractive at present prices. These specific issues have varying degrees of security, but in general are all right for a business man.

MUNICIPAL BONDS AS INVESTMENTS

By D. Arthur Bowman

FOUNDED upon the very citizenship of the nation itself, protected by the full faith and credit of growing communities, guaranteed by the power

of taxation, bonds issued for municipal purposes in recent years have come to take deservedly high rank. The growth of the entire United States has been stimulated by the well-considered issuance of bonds for schools, public buildings, streets, sewers, parks and all public works which tend to the universal uplift of the people of the country.

These bonds are the obligations of the *whole* community. They are a valid tax-lien upon *all* of the property of *every* resident. The *people* have pledged prompt payment of principal and interest and the value of a good name is just as great, where municipalities are concerned, as in the case of individuals. So long as the community endures, the holder of the bonds is protected by this pledge. There can be nothing better and the great and growing popularity of these bonds among conservative private investors is therefore easily accounted for. Being the safest form of investment known, the bonds of the larger and better known communities have in recent years attained such wide-spread popularity as to become very high-priced. The thriving, growing cities of the Middle West and the "tax-districts" of the Southwest offer precisely the same *safe* investment opportunities as in the case of the older places. The securities, though less well known, are just as valuable and *just as safe* as the bonds of the largest American cities. And the yield in some instances is from one to one and one-half per cent. greater than the income of the ordinary metropolitan municipal bond. Some of them pay five and one-half per cent.—none less than four and one-quarter per cent.

With the institution of the Postal Savings banks throughout the United States and the latitude permitted for investments in the very type of the securities herewith described, it is believed that a substantial enhancement of value is a reasonable possibility. In addition, there is the strong intimation of the passage of laws exempting from taxes municipal bonds in certain States of the Middle West, and these, if enacted, will unquestionably exert immediately favorable effect. Among the States may be mentioned Missouri, in which legislation is pending for the purpose named at the time this is being written. Many investors also prefer municipal bonds, owing to their freedom and immunity from legislative interference and restrictions, which have affected the prices of certain corporate securities.

INVESTMENT NEWS AND NOTES

—An interesting issue of seven per cent. preferred stock—that of the Sealshipt Oyster System, Inc.—is being offered by Fuller & Co., 40 Wall street, New York:

The Sealshipt Oyster System, Inc., is the largest distributor of bulk oysters in the world. It owns and has in active service nearly 45,000 of the patented sealshiptors. These patented packages are operated under lease and royalt through about 80 different oyster shippers from Cape Cod to the Gulf of Mexico. It also has under lease about 7000 porcelain display fixtures operated through retail food dealers throughout the United States and Canada. Last season the shipments of sealshipt oysters handled by the sealshipt system through 9310 retailers and 167 wholesale houses in some 7000 cities, showed an increase of 29,744 per cent. over the first season of 1902-3.

The operation of the above is much the same as the refrigerator car business. The recent federal ruling under the "Pure Food Law" which prohibits absolutely the interstate shipment of oysters in tubs after May 1st, 1910, broadens enormously the field and the prestige of this company.

—Municipal and corporation bonds originating in the Pacific Northwest are described in an interesting booklet, "Pacific Northwest Securities," issued by the Davis & Struve Bond Company of Seattle. Describing the Lower Yakima Irrigation Company first mortgage seven per cent. gold bonds, the circular says:

The bonds were issued after the plant had been in successful operation for some time; after 4,000 acres had been sold; after a considerable portion of the land under the ditch had been under irrigation for three years; after every question of engineering, fertility, water supply and market for the land had been settled; after the company had $400,000 of land sale contracts in its treasury; after the proposition had passed the promotion stage and was recognized as the most successful in the Pacific Northwest, both physically and financially.

—"The Story of the Greatest Transportation Company in the World" is the title of an interesting circular on the Pennsylvania just issued by J. Frank Howell, New York:

"The New York Terminals," says this circular, "represent ten years of work and an expenditure of $105,000,000, down to date. The investment is carried on the books at $57,495,530, the balance having been paid from earnings and charged against surplus income and profit and loss. These Terminals, with the tunnels under North and East rivers uniting New Jersey and Long Island, a grant central station and many miles of tracks can be properly described as one of the wonders of the age. The engineering and constructive difficulties that had to be met and overcome would have been impossible in less capable hands and financed by a company that did not have unlimited resources. The wonderful improvement gives to New York passenger facilities enjoyed by no other large city in the world, and has stimulated its great competitor, the New York Central, to emulative effort. It stands a monument to the sagacity, foresight and high courage of the great railroad generals in control of the policies of the company at a time when it was confronted by a stupendous problem that had to be conquered—the handling of the multitudes of people who enter and depart from the Metropolis. It was the greatest undertaking ever entered upon by a private corporation. It ranks next in magnitude to the construction of the Panama Canal, a project financed by the richest nation on earth."

—In an attractive booklet recently issued by the Mercantile Trust Company of St. Louis an interesting description of Serial Notes, based on the security of real estate, is given.

"The Real Estate Serial Note," says this description, "had its inception in the stormy days of 1907. In the period immediately following the chaotic conditions prevailing that year, when money was gradually losing its timidity and seeking an outlet, a strong and insistent demand developed for real estate mortgages.

"While corporation securities had reached a low ebb of value as a result of the financial disturbance, investments based on well located real estate withstood the shock in a manner to attract universal attention to them. Comparatively speaking, but few foreclosures were recorded and those only where the loaning agency had not exercised proper care in the selection of the security. The loans foreclosed were generally on property where there was an expectation of higher values, the true worth of the realty not having originally been considered. But where the mortgages covered properties, both business and residence, where values were permanent and established, nothing that occurred made them less desirable or attractive

"At any rate, considering the great amount of money that was invested in mortgages, the loss was insignificant compared to other securities, and in the calm that followed the storm, real estate loans became the object of much inquiry. Many former bond and stock buyers, the safety deposit box "investor," as well as his brother, who kept his money in the proverbial old stocking, all seemed to be of one mind, and those concerns which dealt in mortgage securities and had a reputation for conservatism were soon in the position of seeking loans rather than investors."

—Describing the Cotton Discount Corporation, a company recently chartered for the purpose of loaning money on cotton to factors, buyers, etc., Messrs. Blake and Reeves say:

For a half century or more cotton has been the king of the American finance market and the utmost confidence in warehouse receipts backed by actual cotton has prevailed. So much faith in a cotton warehouse receipt has ever been in evidence that until recently the thought of a guarantee by a responsible syndicate was not considered seriously by either the cotton or banking interests. The failures and scandals, however, which have resulted from lax methods of inspection among the cotton warehouses, have caused consternation both at home and abroad, and the consequence has been that the leading European and American bankers have announced their intentions to discontinue advancing money on cotton unless guaranteed by some reliable financial institution. The situation is serious and Cotton Exchanges and Bankers in all the leading cotton centers have had the matter under discussion for some time in an attempt to solve the problem and provide ample protection to all moneyed interests by some form of organization.

The time is near at hand when arrangements must be made to finance the next cotton crop of the United States, and urgent calls are being made by Southern borrowers for assurances of money as needed for that purpose. Some relief must be afforded through the endorsement of cotton certificates by a strong financial organization, or within the next year the stability of cotton as a market security will be under serious question, and a general depression in all cotton districts will prevail.

The Cotton Discount Corporation has for its function the financing of the annual cotton crop of the United States through its banking connections. The purpose of the corporation is to concentrate funds borrowed on guaranteed warehouse receipts, which funds will in time be loaned to the cotton interests located throughout the cotton belt.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to September 20, approximate yield as figured October 1.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100⅝-100⅞	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorada 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95 - 96	4.40
Va. 6s, B. B. & Co. ctfs., 1871	44 - 47	...
Boston 3½s, 1929	95 - 96½	3.85
New Yorks City 4½s, 1957	106¾-107	4.10
New York City 4½s, 1917	102¼-103¼	3.95
New York City 4s, 1959	98½- 99	4.06
New York City 4s, 1955	96½- 97¼	4.05
New York City 3½s, 1954	86 - 87¼	4.10
New York Coty 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semiannual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅛- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅜-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn	235	242½
Buffalo & Susquehanna, pref	10	12
Central New England	10	15
Central New England, pref	20	27
Chicago Bur. & Quincy	200	220
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	70
Cincin, N. O. & Tex. Pac	125	137½
Cincin., N. O. & Tex. Pac., pref	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref	96	100
Delaware	42	46
Des Moines & Ft. Dodge, pref	..	70
Detroit & Mackinac	80	90
Detroit & Mackinac, pref	82	90
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref	90	95
Georgia, South & Florida, 2d pref	70	75
Huntington & Broad Top	8	9
Huntington & Broad Top, pref	..	25
Kansas City, Mexico & Orient	17	19
Kansas City, Mex. & Orient, pref	23	25
Louisville, Henderson & St. Louis	12	18
Louisville, Hend. & St. L., pref	30	37
Maine Central	202	210
Maryland & Pennsylvania	15	24
Michigan Central	165	175
Mississippi Central	30	35
Northern Central, new ctfs	200	...
Pitts., Cin., Chic. & St. L., pref	101	112
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	24	35
Pere Marquette, 1st pref	45	58
Pere Marquette, 2d pref	30	40
St. Louis, Rocky Mt. & Pac., pref	..	40
Seaboard 1st pref	70	75
Seaboard 2d pref	42	45
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref	50	70
Virginian	17	22
Vandalia	80	84
Williamsport & North Branch	1	4

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	174	184
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	90	98
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	135
Brooklyn City R. R. (Bk. H. R. R. Co.)	155	160
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	90
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	168	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	130	138

	Bid.	Asked.
Eighth Av. St. R. R. (M. S. R. Co.)	250	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	118	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson. Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	69	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	110	120
Louisiana & Mo. Riv. (Chic. & Atl.)	150	165
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	107	118
N. Y. & Harlem (N. Y. Central)	280	310
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	80	85
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts., Ft. Wayne & Chic. (Pa.R.R.)	166	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	190	200
Rome & Clinton (D. & H.)	135	145
Rome, Watertown & O. (N.Y.Cen.)	118	125
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	112	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York City.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	54	60
Bway Surf Ry 1st 5s..1924	J&J	102	104
Bway & 7th Av stock	....	120	135
Bway & 7th Av Con 5s.1943	J&J	100	102
Bway & 7th Av 2d 5s.1914	J&N	99	100½
Col & 9th Av 1st 5s..1993	M&S	95	100
Christopher & 10th St....	QJ	80	95
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	40	49
42d St M & St N Av 6s.1910	M&S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	95	98
Second Av Ry stock	....	7	14
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	50	60
Sixth Av Ry stock	....	120	135
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s......1942	F&A	100	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s..1946	A&O	70	85
Central Union Gas 5s..1927	J&J	99½	101
Equitable Gas Light 5s.1932	M&S	104	107
New Amst Gas Cons 5s.1948	J&J	98	100
N Y & E R Gas 1st 5s.1944	J&J	100	103
N Y & E R Gas Con 5s.1945	J&J	96	100
Northern Union Gas 5s.1927	M&N	99	101
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s..1950	J&D	100	102
Brooklyn Ferry Gen 5s.1943	....	16	23
Hoboken Fy 1st mtg 5s.1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	95	99
NY & East River Fy.....	QM	20	28
10th & 23d St Ferry......	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	65	75
Union Ferry	QJ	26	29
Union Ferry 1st 5s....1920	M&N	93	97

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	6	5
So. Ry. 4½%, Series E, June, '14	5½	4⅞

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	70	75
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	90	93½
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	93	95
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	101

	Bid.	Asked.
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955.	70	80
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co. 1st 5s, 1928.	90	95
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	92	95
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalla Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	80	83½
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	101½
Amer. Steel Foundries 4s, 1923	66	68
Amer. Steel Foundries 6s, 1935	100	102
Balt. & Ohio, Southwest. Div. 3½s.	90	91
Bethlehem Steel 5s	84	85
Chi., Burlington & Quincy Gen. 4s.	97½	98
Chi., Burl. & Quincy Ill. Div. 4s	99⅜	99¾
Chi., Burl. & Quincy Ill. Div. 3½s.	87½	88
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s	91¼	92
Louis. & Nashville unified 4s	97¾	98¼
Mason City & Ft. Dodge 4s	80	83
Norfolk & West. Divisionals 4s	92	93
Savannah, Florida & Western 6s	119	124
Va. Carolina Chem. 1st 5s	99¼	100
Western Maryland 4s	85	86
Wheeling & Lake Erie cons. 4s	81	82
Wis. Central, Superior & Duluth 4s	93	94
Western Pacific 5s	94½	95½

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brake Shoe & F. com	84	87
American Brake Shoe & F. pref	123	126
American Brass	119	123
American Chicle com	218	224
American Chicle pref	99	104
American Coal Products	94	98
American Gas & Electric com	41	44
American Gas & Electric pref	39	42
Adams Express	252	263
American Express	230	250
American Light & Traction com	284	290
American Light & Traction pref	101	104
American District Tel. of N. J.	49	52
Bordens Condensed Milk pref	101	103
Bush Terminal	88	96
Cripple Creek Central com	20	30
Cripple Creek Central pref	40	47
Del., Lack. & Western Coal	200	210
Du Pont Powder com	146	152
Babcock & Wilcox	97	101
Bordens Condensed Milk com	110½	111½
Du Pont Powder pref	83	85½
E. W. Bliss com	120	125
E. W. Bliss pref	125	135
Hudson & Manhattan com	16	18½
International Nickel com	133	138
International Nickel pref	88	93
International Silver com	50	80
International Silver pref	106	112
Int. Time Recording com	175	200
Int. Time Recording pref	107	115
Kings Co. E. L. & P.	121	124
Oil Fields of Mexico	60	65
Otis Elevator com	48	51
Otis Elevator pref	90	93
Pacific Gas & Electric com	55	57
Pacific Gas & Electric pref	85	87
Phelps, Dodge & Co.	185	205
Pope Manufacturing com	59	64
Pope Manufacturing pref	77½	80½
Producers Oil	138	145
Royal Baking Powder com	185	195
Royal Baking Powder pref	101	105
Safety Car Heating & Lighting	123	125½
Sen Sen Chiclet	132	138
Singer Manufacturing	275	280
Standard Coupler com	30	40
Texas (Oil) Company	134	138
Texas & Pacific Coal	97	102
Tri-City Railway & Light com	22	25
Tri-City Railway & Light pref	88	92
U. S. Express	98	108
U. S. Motors com	54	57
U. S. Motors pref	70	75
Union Typewriter com	39	42
Underwood Typewriter pref	98	102
Underwood Typewriter com	53	57
Virginian Railway	17	22
Wells Fargo Express	159	165
Western Pacific	20	25
Worthington Pump pref	104	108

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Electric Co. Bonds, 6%, due 1932 (Int.)	93	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	75	80
Guanajuato Power & El. Co. Com.	32	...
Arizona Power Co., bonds 6%, due 1933	85	93
Arizona Power Co. pref.	40	50
Arizona Power Co. com	18	23
Great Western Power Co. bonds, 5%, due 1946	80	85
Western Power Co. pref	46	49
Western Power Co. com	26	29
Mobile Elec. Co. bds., 5%, due 1946	88	90
Mobile Electric Co. pref., 7%	80	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co., pref., 6%	79	81
Amer. Power & Lt. Co. com	45	48

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	92¾	93¾
do 3s	83¼	84¼
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	100¼	101¼
Hessian Govt. 3½s	90¼	91¼
Saxony Govt. 3s	82½	83½
Hamburg Govt. 3s	81¼	82¼
City of Berlin 4s	100¼	101¼
City of Cologne 4s	99¾	100¾
City of Augsburg 4s	99¾	100¾
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92½	93½
City of Vienna 4s	95¾	96¾
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	91	92
French Govt. Rente 3s	97¼	98¼
British Consols 2½s	80	81

BANK AND TRUST COMPANY STOCKS

[Corrected to September 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	...
Amer. Exchange Nat. Bk.	10	230	...
Audubon Bank	..	115	125
Bank of America	26	580	600
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	310	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	110	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	300	...
Bryant Park Bank	..	155	165
Butchers & Drovers Bank	6	135	145
Century Bank	6	160	175
Chase National Bank	6	425	...
Chatham National Bank	16	300	325
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	425	440
Citizens Central Nat. Bk.	6	150	160
Coal & Iron Nat. Bank	6	145	...
Colonial Bank	10	400	...
Columbia Bank	12	350	...
Corn Exchange Bank	16	300	315
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	830	860
Fourteenth Street Bank	6	150	160
Fourth National Bank	8	185	190
Gallatin National Bank	14	325	340
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	460	...
Germania Bank	25	500	...
Greenwich Bank	10	...	260
Hanover National Bank	16	600	630
Importers' & Traders Nat. Bank	24	540	560
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	175
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	245	255
Mechanics & Metals Nat. Bank	12	240	250
Mercantile Nat. Bank	6	...	160
Merchants' Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	170	180
Metropolitan Bank	8	200	...
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	260
Nt. Bk. of Commerce	8	200	205
Nat. Butchers & Drovers	6	135	145
National City Bank	10	370	380
National Park Bank	16	355	360
National Reserve Bank	6	100	105
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	310	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	230
Nineteenth Ward Bank	..	...	260
Northern Bank	6	...	105
Pacific Bank	8	230	240
People's Bank	10	260	280
Phenix National Bank	8	185	200
Plaza Bank	20	600	...
Seaboard National Bank	12	390	...
Second National Bank	12	375	400
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	8	160	...
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	340	355
Bankers' Trust Co.	16	610	650
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	105	125
Central Trust Co.	45	990	1010
Columbia Trust Co.	8	270	285
Commercial Trust Co.	..	115	...
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	460	470
Farmers' Loan & Trust Co. (par $25)	50	1650	1700
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	210	220
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	790	810
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	160	...
International Bank'g Corp.	..	90	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	280	290
Lawyers' Mortgage Co.	12	230	245
Lawyers' Title Insurance & Trust Co.	12	250	260
Lincoln Trust Co.	..	130	140
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	535
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	...	245
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	190	205
New York Trust Co.	32	...	650
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	485	495
Trust Co. of America	10	320	330
Union Trust Co.	50	...	1330
U. S. Mtg. & Trust Co.	24	460	470
United States Trust Co.	50	1175	1215
Van Norden Trust Co.	..	...	210
Washington Trust Co.	16	365	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	...	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
First National Bank	12	400
First Ward Bank	8	185
Fourth National Bank	7	173¼
Merchants National Bank	10	266
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	119¼
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	198
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	127
People's National Bank, Roxbury	5	122½
Second National Bank	10	255
South End National Bank	5	104½
State National Bank	7	170
Webster & Atlas National Bank	7	175
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...

Name.	Div. Rate.	Last Sale.
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	325
Old Colony Trust Co.	20	735
Puritan Trust Co.	8	219
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	...	112
Austin State Bank	10	280	...
Central Trust Co.	7	160	163
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	148
Citizens Trust Co.	4	125	...
Colonial Tr. & Sav. Bank	10	190	195
Drexel State Bank	6	...	151
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	114	...
Farwell Trust Co.	6	120	125
Hibernian Banking Assn.	8	203	210
Illinois Tr. & Sav. Bank	20	499	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	134	140
Lake View Tr. & Sav. Bk.	5	138	141
Merchants Loan & Tr. Co.	12	400	408
Metropolitan Tr. & Sav. Bk.	6	119	122
Northern Trust Co.	8	...	318
North Avenue State Bank	6	145	150
North Side State Bank	6	135	...
Northwest State Bank	4	117	120
Northwestern Tr. & Sav. Bk.	6	137	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank	8	160	...
Railway Exchange Bank	4	125	...
Security Bank	6	170	175
Sheridan Tr. & Sav. Bank	6	144	148
South Side State Bank	..	135	150
State Bank of Chicago	12	334	338
State Bank, Evanston	10	278	...
Stockmen's Trust Co.	5	115	118
Stock Yards Savings Bank	8	...	215
Union Bank	6	134	138
Union Trust Co.	8	325	...
Wendell State Bank	..	110	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	150	155
Wilmette Ex. State Bank	..	110	115
Woodlawn Trust	8	135	140

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	300	...
Corn Exchange Nat. Bank	16	406	415
Drovers Deposit Nat. Bank	10	220	225
First National Bank	16	410	416
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	175	180
Live Stock Exchange Nat. Bank	10	224	229
Monroe National Bank	4	130	135
Nat. Bank of the Republic	8	...	198
National City Bank	6	203	208
National Produce Bank	4	144	147

TO PUNISH ATTACKS ON BANKS

American Bankers' Association Endeavoring to Secure State Laws

AN Iowa bank has recently reported to the association that some of its best customers have been receiving anonymous letters advising them to take out their money from the institution, and the bank has asked for advice regarding the matter. It has been advised by Thomas B. Caton, general counsel of the American Bankers' Association, to place the locating and identifying of the offenders in the hands of this association's local detective agents, and, if possible, to procure the punishment of such offenders under the Iowa libel law. The statute of Iowa, so far as applicable to this particular case, defines a libel as "The malicious defamation of a person made public by . . . writing . . . tending to . . . deprive him of the benefits of public confidence."

Whether or not offenders of this kind can be punished under this law is questionable. In Pennsylvania, three years ago, in a somewhat a similar case where a person sent out circulars broadcast notifying all holders of his checks on a certain bank to present them immediately, failing which he would no longer be responsible—he having no checks outstanding on such bank and the circulars being malicious and intending to injure the standing of the bank—the court held the offender could not be punished, as under the law of Pennsylvania a corporation could not be libeled, and it recommended the enactment of a special statute to govern such offenses.

In December, 1907, the general counsel drafted the following proposed law especially to cover this class of offences:

"Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings banks, banking institution or trust company doing business in this State, or who shall counsel, aid, procure or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a felony or misdemeanor, and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both."

The enactment of this law has been procured in several States, but not, as yet, in Iowa, and the occurrence just reported indicates the need of such a statute in that State. The matter will be brought to the attention of the secretary and legislative committee of the Iowa Bankers' Association prior to the next meeting of the Iowa Legislature.

AMERICAN BANKERS' ASSOCIATION

PROGRAMME OF THE ANNUAL CONVENTION HELD AT LOS ANGELES MONDAY, OCTOBER 3, 1910

GENERAL registration for the association, Trust Company, Savings Bank and Clearing-House Sections, and the organization of secretaries, at headquarters hotel—The Alexandria.

Committee meetings in rooms assigned at The Auditorium.

Meeting of the executive council, 2 o'clock p. m., in Choral Hall, The Auditorium.

Executive council banquet, 7 o'clock p. m., at Hotel Alexandria. Tendered by the clearing-house and the affiliated banks of Los Angeles.

FIRST DAY CONVENTION.

TUESDAY, OCTOBER 4, 1910.

Convention called to order at 10 o'clock a. m., sharp, by the president, Lewis E. Pierson.

Invocation by Rev. Robert J. Burdette, pastor emeritus, Temple Baptist Church of Los Angeles.

Addresses of Welcome: Hon. James N. Gillett, Governor of California; Hon. George Alexander, Mayor of Los Angeles; W. H. Holliday, President Los Angeles Clearing-House Association.

Response to Addresses of Welcome: George H. Russel, Detroit, Mich., ex-president of the association.

Annual Address of the President, Lewis E. Pierson, New York City.

Annual Report of the General Secretary, Fred E. Farnsworth, New York City.

Annual Report of the Treasurer, P. C. Kauffman, Tacoma, Wash.

Report of the Auditing Committee.

Annual Report of the General Counsel, Thomas B. Paton, New York City.

Annual Report of the Executive Council, William Livingstone, Chairman, Detroit, Mich.

Annual Report of the Standing Protective Committee, Fred E. Farnsworth, Secretary.

Adjournment at one o'clock.

Afternoon Session—Two O'Clock.

Reports of Various Committees.

Addresses.

Practical Banking Questions: Discussions.

Evening.

Grand Reception and Ball at the Shrine Auditorium.

WEDNESDAY, OCTOBER 5, 1910.

Morning and Afternoon Sessions.

Trust Company Section.

Organization of Secretaries.

Entertainment.

Trip to Catalina Islands, where a barbecue will be given.

Automobile ride to Pasadena.

Evening.

Theatre.

THURSDAY, OCTOBER 6, 1910.

Morning and Afternoon Sessions.

Savings Bank Section.

Clearing-House Section.

Entertainment.

Trip to Catalina Islands, where a barbecue will be given.

Automobile ride to Pasadena.

Evening.

Theatre.

Second annual dinner of the Council Club at Hotel Alexandria.

SECOND DAY CONVENTION.

FRIDAY, OCTOBER 7, 1910.

Convention called to order at ten o'clock a. m., sharp, by the president, Lewis E. Pierson.

Invocation by Rev. Charles E. Locke, pastor First Methodist Church of Los Angeles.

Announcements.

Reports of Committees.

Action on amendments to Constitution.

Invitation for next convention.

Addresses.

Adjournment at one o'clock.

Afternoon Session—Two O'Clock.

Roll Call of States.

Addresses.

Unfinished Business.

Resolutions.

Report of Committee on Nominations.

Action on same.

Installation of officers.

Adjournment.

The meeting of the new executive council will be held at Choral Hall, The Auditorium, immediately following the adjournment of the convention, should the convention adjourn at a reasonable hour; otherwise, at 8 o'clock p. m.

The programme committee, which comprises the executive officers of the association, cannot at this time announce in full the names of the distinguished guests who will make addresses before the convention, except in the case of the able representative of the coast, Dr. Benjamin Ide Wheeler, president of the University of California, Berkeley, whose subject will be "The Banker as a Public Servant."

SAN ANTONIO, TEXAS

A PROGRESSIVE COMMERCIAL CENTER

By George A. Schreiner

OF San Antonio it has been said that in Southwest Texas she occupies a position which once was that of Rome—all roads lead to her gates. In addition to being the largest city in the entire State of Texas, San Antonio can justly claim to have the best future of any of them. This by reason of being the center of the largest undeveloped district in the United States. The tributary territory of the city com-

GEORGE A. SCHREINER
Publicity Agent Chamber of Commerce
San Antonio, Texas

prises no less than forty-one counties having a surface extent of about 60,000 square miles. Water surfaces excepted, there are in this tremendous district no less than 37,758,744 acres of land, of which 34,809,700 acres are considered to be as high class farm land as can be found anywhere. Of this acreage, 11.22 per cent. is in cultivation, of which 31,011.800 acres are kept in pasturage, an unprofitable disposition of soil in these days.

Basis of Present and Future Prosperity.

The very fact that San Antonio is the biggest city in the State, though less than twelve per cent. of the soil in its territory is under the plow, is a strong argument for the assertion that the city has a fine future. While there is no doubt that the better development of Southwest Texas will mean the growth of the smaller cities in a perhaps greater proportion than will be the share of San Antonio, it is reasonable to believe that the latter will at all times retain the lead and that in ten years from now she will have a population of a quarter of a million, if not more. By that time San Antonio will be not merely the distributing center of commerce in Southwest Texas, but a great manufacturing point as well. The progress made in this direction during the last few years lends ample substance to this conclusion.

At the present time but little is manufacured in San Antonio. Nothing, perhaps, could better illustrate this than the freight tonnage of the railroads leading into the city. The freight movement last year in inbound shipments amounted to approximately 1,048,800 tons over all lines, while the outbound shipments amounted to only 488,000 tons. It will be seen from this that for every ton carried out of the city two tons were carried into it. This is not surprising. San Antonio, though in one of the richest agricultural districts anywhere, imports a good share of her foodstuffs. Bexar county, in which the city is located, has more uncultivated land than could be covered by the whole State of Rhode Island, and this for no other reason than that men and capital are scarce.

Need of Capital and Men.

Men and capital in the case of San Antonio, Southwest Texas, and in fact the whole State of Texas, are the two factors needed. What is more, they are needed in an equal degree. In this statement there is nothing which in either application or time is new—both of them have come together before progress could be recorded anywhere. Southwest Texas has found out that men will not go where there is no capital and that capital will not go where there are no men. To overcome this, both are being sought at the present time.

It would hardly be irrelevant to say here a few words about Texas laws. The cry has been for many years that the laws made at Austin are unduly severe on capital. In some instances this has been shown to be true, but in most others it has not. Such laws as have been thought to be inimical to capital have not received a fair interpretation in a majority of cases. There is in all

Texas no law that is hostile to capital, provided that its managers do not invest it with a view to exploitation of the State and nothing else. The investor who puts his money in Texas enterprises has nothing to fear and can count on large returns if he will but show a reasonable interest in the welfare of the State. Unfortunately, some have not done this and as a result laws have been passed which would not have been passed otherwise. But in all this a decided change for the better is taking place. The Austin Legislature has of late rid itself of its "hell-roaring Jakes," and to-day a candidate for public office known to be a radical on the question of capital has little or no chance to get the support of the people. Many investors have begun to realize this and in 1909 nearly $35,000,000 of northern capital was invested in Southwest Texas alone, about $6,000,000 falling to the share of this city.

Southern Pacific Depot

The City's Commercial History.

The commercial history of San Antonio can be told in a very few words. Under the Spanish and Mexicans the commercial position of the city was practically nil, and the same, to some extent, is true of the short period of its existence under the flag of the Texas Republic. The Spanish founded the city in 1718 for political and military purposes, hoping to retain their claims on the New Philippines by effecting actual settlement and control, a sound notion of international law, which then for the first time made itself felt. While the Mexicans tried to do a little better, San Antonio de Bexar under their sway amounted to little more than a frontier post. The Texans did not get time to improve upon the Mexican programme, and, indeed, it took many years even after the annexation of Texas by the United States before San Antonio gained some importance as a commercial point. For a decade preceding the Civil War, San Antonio was the principal wool market in the United States. Sheep and goats in Southwest Texas were then counted by the millions, but the war, disease and the piratical methods of the reconstruction period, expressed principally in tariff discrimination, put an end to the wool industry in the district. With wool and mohair no longer profitable, Southwest Texas turned to the raising of cattle, and for many years the country was the greatest producer of cattle on the North American continent. Cattle raising was the only industry of Southwest Texas until ten and even five years ago. To-day the farmer has begun to take the place of the cowpuncher and the ten acres which

formerly were needed to feed one steer are to-day supporting an entire family. The fine climate and soil of Southwest Texas, the fact that artesian water for irrigation purposes can be found almost anywhere, and the fact that land is cheap, have all done their share towards settling up the country.

A Fine Field for Manufacturing.

San Antonio and Southwest Texas have several industrial incongruities which sooner or later will become of interest to the investor. The territory immediately northwest of the city produced last year nearly 9,000,000 pounds of wool and mohair, all of which had be to be shipped to the North and East for conversion into cloth. The same is true of cotton. Though Southwest Texas sent last year 735,000 bales of cotton to the market, there is not a mill in the country. The San Antonio country raises still some of the best cattle in the United States, ships them to Fort Worth and Kansas City, and then ships back the meat, known familiarly as K. C. meat in these parts. There is enough economic waste in the instances named to make it worth the while of any investor to turn it into dollars and cents. Each steer shipped from San Antonio to Fort Worth, Kansas City, St. Louis and Chicago loses on an average four dollars' worth of flesh, something which is an absolute loss to everybody.

Attractions for Tourists and Investors.

For many years now San Antonio has been looked upon as a fine winter resort. The weather throughout the winter is the

Alamo National Bank

National Bank of Commerce

City National Bank

best that could be found in the United States. There is no snow and very little ice and out-of-door life is possible on six days every week. The city has a very fine water supply system. Twenty-two artesian wells of a depth of 1,050 feet distribute water of rare purity. In all other departments of municipal life the city leads in Texas. San Antonio has one of the lowest mortality rates in the United States, the average rate being less than twelve per 1,000 inhabitants.

It is doubtful whether there is another city in the Union which offers greater attractions to the tourist and investor. Next to St. Augustine, Florida, San Antonio is the oldest city north of the Rio Grande. Spanish-American civilization left its indelible stamp upon it. In San Antonio and the close vicinity are found the remains of the oldest missions outside of Mexico and in Fort Sam Houston the city has an invaluable tourist asset, this being the second largest army post in the United States.

All other features that add to the enjoyment and refinement of life are to be met there. One of the features of San Antonio is society with a charm all its own. While there are cities which may have a more cosmopolitan population, there are none in which the sons and daughters of many lands have been blended to a finer degree. In San Antonio one meets the members of the Latin and Teutonic races not as immigrants, but as children of the soil, who, while preserving all their racial characteristics, are nevertheless all that the American is claimed to be. As an educational center the city has few superiors for its size. In addition to an excellent public school system, with thirty-one schools and a good high school, the city has nearly forty private educational institutions. Many of the latter are in great favor with

San Antonio National Bank

Frost National Bank

Birdseye View of the Business District

the better classes in Mexico—as a matter of fact, San Antonio is looked upon by Mexicans as the logical and best place where one can get an American education.

During the last two years San Antonio has made greater strides than ever before. The value of building permits issued in 1909 reached a total of $3,797,101, the city occupying then third position among all American cities in building operations. This year the same figure or a higher one will be reached. Much of the city's present prosperity is due to the public spirit of its best residents and the good work they have done in bringing the name of San Antonio before the American public. In its Chamber of Commerce and Publicity League the city has two institutions the good services of which cannot be underestimated. Both of them are composed of men who recognize that a little work for the community means in the end a good investment for one's self. San Antonio's present condition and future outlook leave little to be desired.

The Banks.

As will be seen from the accompanying illustrations, San Antonio has a number of remarkably fine bank buildings. The banks of the city have been managed with due regard for safety and wise progress, and have been powerful factors in the development of industry and trade. An idea of the size and importance of these institutions may be had from the table given herewith.

San Antonio as a Convention City.

In the Southwest, San Antonio is looked upon as the convention city par excellence. Throughout the year organizations of all

F. Groos & Company Bank

Moore Building

Menger Hotel Lobby

kinds hold their gatherings there; this principally because the city possesses peculiar attractions for the convention delegate and visitor. There is the Alamo, immortalized by the massacre of 1836. The ruins of four missions speak of the days when the Spaniard's fierce love of conquest was second only to his religious zeal. The ruins of blockhouses bear ample testimony to the fact that the struggle between the early white settlers

*San Antonio, Texas, Banks and Their Condition.**

	Capital.	Assets.
Lockwood National Bank	$500,000.00	*$1,438,697.57
Frost National Bank	500,000.00	4,245,029.41
Alamo National Bank	500,000.00	2,745,562.60
San Antonio National Bank	500,000.00	3,751,778.40
National Bank of Commerce	300,000.00	3,063,791.14
City National Bank	100,000.00	743,714.22
San Antonio Loan and Trust Co	100,000.00	1,683,476.24
American Bank and Trust Co	100,000.00	452,957.14
State Bank and Trust Co	100,000.00	479,166.67
D. Sullivan and Co		†5,000,000.00
D. Oppenheimer & Co		†5,000,000.00
F. Groos and Co		†2,000,000.00

*Statement of July 1, 1910.
†Estimated.

Colonade, Menger Hotel

St. Anthony Hotel

and the Indians was a very earnest affair, and in the *acequias* and old aqueducts, leading from one mission garden to another, one beholds the first effort at civilizing of the true and stable kind. Besides these there are a thousand other reminders of Spanish-American civilization. San Antonio has a Mexican quarter that differs nowise from those of Mexico; it has architecture that would be at home among the green hills of Granada, and people in whom flows intermingled in all possible degrees the blood of Castille, of Canary Islanders, of Aztecs and that of the Teutonic races. San Antonio manages to be a first-class American city with a population that is surprisingly un-Anglo-Saxon; it is Spanish to the same extent that New Orleans is French, and with that city it shares the distinction of being Old World in sentiment and yet thoroughly American in spirit and progressiveness.

St. Anthony Hotel Lobby

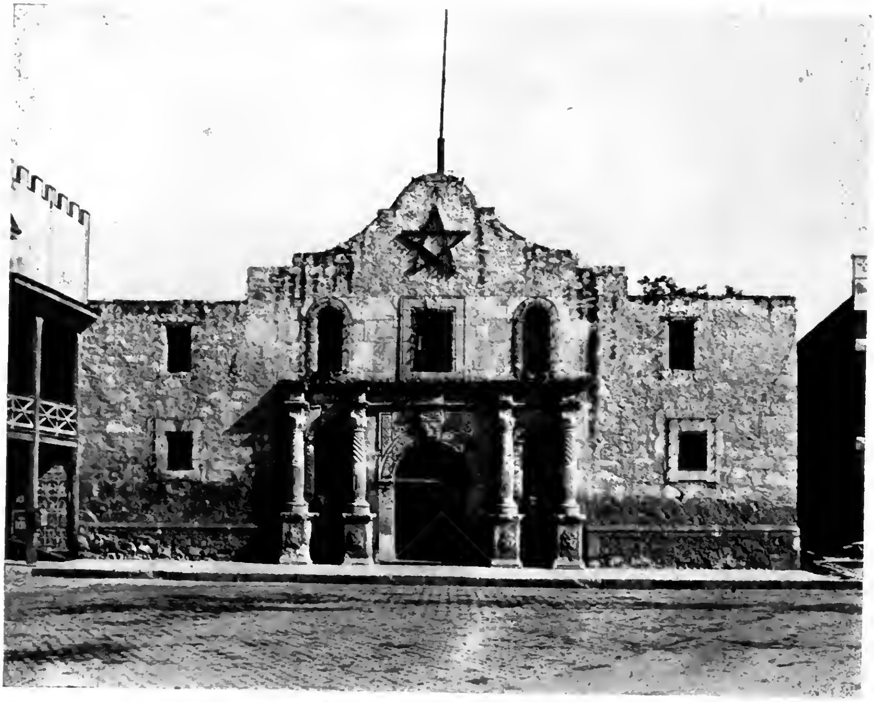
Modern San Antonio consists of the usual skyscraper, well-kept and well-lighted streets, trolley cars, automobiles, fine department stores, theaters, and the finest plazas anywhere. These little parks are scattered all over the city, and their sub-tropical vegetation is one of the things that fascinate the visitor to the city, especially in the winter time, when the greater part of the United States is snow-bound. Then there is Fort Sam Houston, Uncle Sam's second largest garrison. This is a very complex military establishment, consisting of an infantry post, artillery post, cavalry post and department headquarters. Fort Sam Houston officers

are a big factor in the city's social life, and there is hardly an affair to which their presence does not lend brilliancy. To the annual horse show, and the carnival, the military element adds vim and dash that could not be dispensed with.

Each year San Antonio takes care of a tremendous winter tourist and visitor traffic, especially since adequate hotel accommodations are now easily procured. That San Antonio has the best hotels in the entire Southwest is a very conservative statement. One of them, the St. Anthony, has been claimed to eclipse anything its size in the South. This establishment is truly metropolitan in its character, though not wholly devoid of an atmosphere that speaks not alone of the South, but also of things Latin. The lobbies, loggias, Roman court and roof garden of the St. Anthony are said to be the last word in hotel features of that kind. The service of the hotel has become proverbial in its excellence, although the establishment has been in operation not quite two years. The St. Anthony was a success from the day it opened its doors. With the first winter tourist season over the management decided to double the capacity of the hotel, and there have been times when even this proved inadequate.

Gunter Hotel

In the Menger Hotel, San Antonio has a hostelry which is typically Southern in every respect. For many decades the city's only first-class hotel, it still maintains its position in the front. About a year ago the entire establishment underwent remodelling. The parlors, patios and winter garden are very attractive, and to the latter, used throughout the year as an open-air restaurant, exclusive San Antonio journeys for its



The Alamo, built in 1718 by Antonio de Valero. Mission of Franciscan Fathers

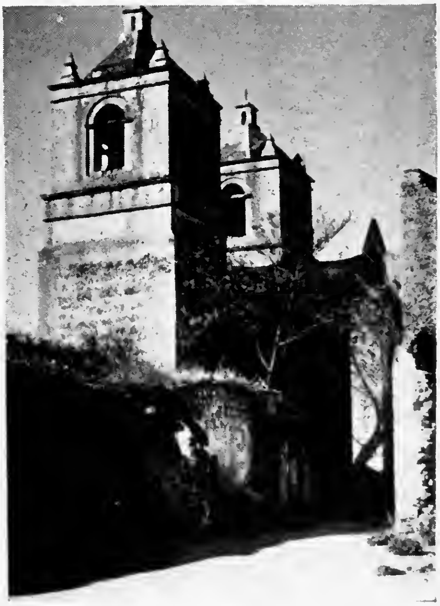
One of San Antonio's Beautiful Homes

al fresco dinners and suppers. The Menger has succeeded admirably in blending to advantage the modern with the old, being in fact a true Southern hotel with all the comforts and refinements of the twentieth century.

The same is true of the Gunter Hotel, with this qualification: In it may be found a new type of Southern Hotel. Its builders essayed to construct a modern caravansary suited to the needs of the climate. San Antonio winter weather is a negligible feature in hotel construction, for the reason that the temperature is never low enough to make the heating of so large an establishment a serious problem. What the designer of the Gunter wanted was an hotel that would be cool in the summer. That he succeeded has been proven this year. The hotel has lobbies, dining-rooms, corridors and bedrooms that are almost immense in proportion. It is doubtful whether any other hotel in the country has an apartment larger than the lobby of the Gunter. While much space had to be sacrificed in order that this might be accomplished, it has been found that it was worth while. The dining-room of the hotel is laid out along the same lines. Hotel experts claim that the Gunter represents the type of hotel which must ultimately become that of all sub-tropical climates. Needless to say the service is on a par with the other features of the establishment.

In addition to these, San Antonio has a number of smaller hotels which deserve mention. At the Hot Wells Hotel, an establishment located on the outskirts of the city, the visitor can get fine service and accommodation and the finest anti-rheumatic and anti-gout baths to be had anywhere. Next in line is the Bexar Hotel, now undergoing complete renovation. In the Crockett, New Maverick, Angelus and Elite, San Antonio has hotels that suit the visitor who looks for good accommodations at low rates. During the last two years a number of modern apartment houses have gone up. Most of them compromise between the northern apartment idea and the desire for spaciousness so much in evidence throughout the South and the West.

Cathedral



Mission Concepcion, built 1723

San Jose Mission, built 1718

Facts About San Antonio.

Area, exclusive of suburbs (square miles)	36
Population in 1900	53,321
Population in 1910, estimated	115,000
Tax rate per centum	$1.42
Assessed valuation in 1904	$33,386,705
Assessed valuation in 1908	54,691,385
Assessed valuation in 1909	61,705,385
Assessed valuation in 1910	73,715,000
Number of banks	13
Bank clearings in January, 1904	$22,257,274.73
Bank clearings in January, 1910	45,386,746.10
Real estate transfers in 1909	$14,217,394.41
Value of building permits, 1908	$1,943,098
Value of building permits, 1909	3,759,101
Postoffice receipts in 1904	$141,176.64
Postoffice receipts in 1909	243,880.53
Bonded indebtedness	$2,098,000
Public libraries, volumes	20,000
Area of parks and plazas (acres)	349
Value of parks and plazas	$1,090,920
Value of public buildings	$1,780,000
Public schools	32
Private schools	45
Value of both the above	$4,100,000
Number of pupils in both	15,681
Churches	55
Jobbing and retail trade (estimate)	$36,842,837
Steam railroads in operation	7
Building and projected	3
Manufacture in 1909 (estimate)	$17,000,000
Value of street railway system	672,890.12
Value of Fort Sam Houston	$3,800,000
Expenditure at Fort Sam Houston, 1908	$2,831,000

LATIN AMERICA

PROSPEROUS SOUTH AMERICA

A MOST gratifying growth in commerce and steady progress in nearly every direction in South American republics is disclosed in a review of the conditions in those countries just prepared by John Barrett, director of the International Bureau of American Republics. Practically every republic is spending large sums of money in development of various kinds, particularly in the building of a network of railroads. The notable commercial advance of the Argentine Republic in 1909 was largely due to increased railway and water transportation facilities. Railroad construction and agricultural development have effected a transformation of the fertile prairies, or pampas, of the country into productive fields of cereals and grasses, and large areas of the more arid plains of the higher lands have been converted by means of irrigation into rich pasturable tracts, unexcelled in any part of the world.

Prosperity in Argentina.

The financial condition of Argentina in 1909 was most satisfactory, the conversion fund of the nation having increased during that period to the extent of $30,000,000 gold. The foreign commerce of 1909 exceeded that of 1908 by $61,128,546, while the domestic commerce was greatly in excess of that of 1907 and 1908. The manufacturing industries showed considerable activity in 1909, regardless of strikes and a general scarcity of labor. The railroad development was very great, two thousand miles of new lines having been completed and opened to traffic during the year. The revenues for the year were $120,791,694. The public debt on the first of the year was about $443,205,832. This shows a slight decrease of debt in ten years, but by no means tells the full story of Argentina's advance in credit. In 1900 the total revenues of the republic were $64,000,000, in 1909 they were nearly $131,000,000. In 1900 the debt was $447,000,000. It can thus be seen that the debt of 1900 was seven times as great as the annual revenue, while the debt of 1909 is only three and two-thirds times the revenue. A considerable part of the debt is now represented by paying improvements, such as the State railways, Buenos Ayres port works and the Buenos Ayres water works.

In the matter of commerce with Argentina, Great Britain has a commanding lead over all its rivals, shipping to the republic goods of a value much greater than those from both the United States and Germany. The United States remains third on the list, although its percentage of increase is greater than that of either Great Britain or Germany. The railways in the republic have been remarkably profitable. At the close of 1909 there were in operation 15,849 miles of railway, representing a capitalization of $900,000,000. Receipts from operating the roads are estimated at $105,576,000 and expenses at $62,272,000.

Bolivia Steadily Advancing.

In Bolivia, the third largest of South American republics, steady advances were made, the most noticeable being the gain in foreign commerce of almost $2,000,000. The balance of trade was in favor of the republic, as the exports far exceeded the imports,

and while the imports fell somewhat short of those of 1908, exports, on the other hand, for 1909 exceeded those for 1908 by $3,500,000. In railroad construction noticeable progress has been made. The prospect of not only opening new regions throughout the Republic, but also of affording quicker access to the capital by newer and shorter lines approaches a most satisfactory settlement. The most noticeable financial feature of the year was the disposition made of the loan negotiated at the close of 1908. The cash thus obtained was applied for immediate service of the internal debt and to help in the establishment of the gold standard. As far as concerns agriculture, Bolivia is still in a backward state. Notwithstanding the fertility of the plateaus and the marvellous richness of the eastern slopes the country is still so sparsely settled and so inaccessible that production barely keeps pace with consumption. The great staples of Bolivia—rubber and cacao—can be produced in far greater abundance than they are today, but what is chiefly needed is a larger industrial population. The debt of Bolivia is only a little more than $3,000,000, which, with the easy payment already arranged for, will be wiped out in twenty-three and one-half years. In commerce the United States has displaced Germany in trade with Bolivia. Germany lost nearly half its trade, while the United States gained 33 per cent.

Record Year for Brazil.

Brazil, the largest of the South American republics, and 200,000 square miles larger than the United States, if we exclude Alaska, shows a remarkable increase of exports for the year 1909, and the balance of trade, comparing this factor with that of imports, was the greatest that has ever occurred in the history of that country. In matters of finance the expenditures were greater than the revenues; but while the national debt was increased during the year much of this increase is explained by the fact that the loan is simply an investment in the national improvements, such as increased dock facilities and new railroads. In the matter of imports the United States is third on the list, Germany being second and Great Britain first.

Activity in Chile.

In most directions Chile enjoyed a prosperous year in 1909 and has recovered from the disaster of the earthquake of 1906. Financially 1909 was not so prosperous a year as 1908. In 1908 there was a net revenue remaining in the treasury but at the close of 1909 there was an apparent deficit of $11,000,000, which the Minister of Finance, by a readjustment of items, reduced to a real deficit of $5,000,000. As all indications for 1910 are favorable there is every pros-

pect that much of this deficit will be overcome during the present year. The year was a good one agriculturally. More than the average crops were obtained and the prices advanced. Farm products were exported to a greater extent than in any previous year. By the extensive plans of irrigation to which the Chilean Government has committed itself, large areas of agricultural land will be opened for development and even many tracts hitherto relatively sterile will be noticeably increased in their productiveness. In commercial relations the year 1909 showed a small reduction of both imports and exports as compared with 1908. Imports from Germany decreased while those from the United States and Great Britain increased. The increase of railway mileage within the Republic went on steadily and immigration was more popular than ever before, due in a large measure to the effort of the government to offer material inducements for good workmen in both the shops and the fields. The deficit for the year was $11,658,860. A material decrease in this deficit is expected to be made this year, owing to the increased export of nitrate. The Government has done much to improve the sanitary conditions of the people during the year. Many new water supply and sewer systems have either been installed or are now being constructed, New hospitals have been provided, including one at Valparaiso expressly for tuberculosis patients, and careful attention has been given to the disease of bubonic plague.

Colombian Trade Increasing.

Exports from Colombia increased in 1909, which is taken as proof that agriculturally the country was prosperous because, although the land is extraordinarily rich in minerals, it still depends upon agriculture as its principal source of income. The imports fell below those of the preceding year. The most noticeable railroad achievement during the year was the establishment of both freight and passenger service between Girardot and Bogota. This is the successful culmination of a prolonged effort to overcome the isolation of the capital, which was reached up to this time only by a difficult passage on mule back over the mountains. It brings Bogota several days nearer the rest of the world than heretofore. The Government is devoting itself energetically to the problem of maintaining its money on a normal basis and is meeting with considerable success. The value of Colombian foreign trade for the year 1909 was $26,074,393; the imports were $10,561,047; the exports were $15,513,346, with a balance of trade in favor of the republic of $4,952,300. The figures show a decrease in the foreign trade, as compared with 1908 of $2,438,243. Many measures are under consideration by the Government for the development of the natural sources of wealth. For the purpose of aiding national enterprises modifications have been made in the customs tariff on articles for railway construction, mills, agriculture, etc., all of which have been placed on the free list. United States capitalists are showing considerable interest in the exploitation of rubber; in the operation of gold, silver, platinum and other mines; and in the development of the agricultural resources of the republic.

Costa Rica Also Prosperous.

Costa Rica, the southernmost of Central American republics, made satisfactory financial progreess during 1909. The national revenue exceeded that of 1908 and while the expenditures about balanced the receipts, they were less relatively than those of the preceding year. A noticeable feature of the budget is that the amount spent on public schools is about equal to that for military and police. Agriculturally, an improvement was made over the preceding year, and foreign commerce made a net gain, the balance of trade being in favor of the republic. Railroad development went on steadily, branch lines being extended into the banana territory near Limon, but the expected completion of the National Pacific Railway was delayed. It is expected that this will

be accomplished this year. The United States was the leader in importing goods into Costa Rica, with Great Britain second and Germany third.

Cuba Making Progress.

Industrially Cuba ranked high among the American republics during the year 1909. Good crops characterized the whole season, many miles of fine roads were opened throughout the island and private and public improvements of great importance were undertaken. The financial condition of the country is most satisfactory. The deficit which was reported at the beginning of 1909 was reduced. The sum collected by the Government was practically the same as the estimates called for but the expenditures actually fell below the authorized sum for the same period. Commerce for the fiscal year 1908-9 showed a considerable increase over the preceding year, the balance of trade remaining decidedly in favor of the Republic. Of the total imports the United States supplied practically 50 per cent., Great Britain, France, Spain and Germany following in the order named. The value of exports to the United States was above $100,000,000, almost 90 per cent. of the total.

Prosperity Everywhere.

The year 1909 marked an epoch in the history of the Dominican Republic. Notwithstanding the fact that the foreign commerce of the Republic was $1,624,659 less than that of 1908 the country as a whole was prosperous, the decline in the volume and value of foreign trade having been largely due to the suspension of staple Dominican products during the closing months of the year, inasmuch as shippers preferred to await the application of the new tariff which became operative Jan. 1, 1910, under which the export tax on cacao, hitherto the most important export product of the Republic, was reduced fifty per cent. The revenue receipts for the year amounted to $4,523,160, while the expenditures were $4,532,322.

In Ecuador it is realized more than ever that reform in expenditure is necessary before real progress can be made. It is shown, for instance, that in the estimates for 1909, fully 58 per cent. of the receipts were devoted to special purposes, and it is proposed to bring about reform in this regard. The revenues amounted to $6,681,092, while the expenditures were $6,382,342. The imports amounted to $9,352,122 and the exports to $12,439,400. Great Britain leads in the matter of imports, with the United States second and Germany third.

In Guatemala the financial condition during 1909 was encouraging, although the expenditures exceeded the receipts by a considerable figure. The United States leads in the matter of imports, with Germany second and England third.

MERGER OF MEXICAN RAILROADS

THE National Railways of Mexico has secured control of the Pan-American Railroad from ex-United States Ambassador to Mexico, David E. Thompson, and his associates, and has also acquired from the Mexican Government the Vera Cruz and Isthmus Railroad. These two additions to the company's lines mean an increase in mileage of something like 500 miles. The exact nature of the transactions has not been made public, but it is understood that a statement will be issued shortly by the company.

The Pan-American Railway was undertaken as a projection from Geronimo, Mexico, on the Tehuantepec National Railway for a distance of approximately 300 miles to the southeast and touching the Guatemala border. The road is not yet completed, but a considerable part of it is now in operation. Mr. Thompson left his post as Ambassador in the spring of 1909 and shortly after assumed the lead in the enterprise.

The Mexican Government allows the road a subsidy of about $10,000 gold a mile. The authorized stock is $10,000,000, of which

$9,600,000 and also $3,600,000 general mortgage bonds are owned by the Pan-American Company and deposited under its collateral trust six per cent. bonds. The rest of the general mortgage bonds to the amount of $2,400,000 are reserved to retire the outstanding first mortgage bonds.

The Vera Cruz and Isthmus Railroad was formerly known as the Vera Cruz and Pacific Railroad Company and has been controlled for many years by the Mexican Government. It runs from Corboda, on the Mexican Railway, to Santa Lucretia, about 200 miles, where it connects with the Tehuantepec National Railway, also owned by the government, and from which point it connects with Salina Cruz, 144 miles away, on the Pacific. All of the $1,000,000 stock of the Vera Cruz and Isthmus Railroad was owned by the Mexican Government, which guarantees its bonds by indorsement.

One of the most significant facts about the acquisition of these two railroads is that the system will now have an outlet into Guatemala. But it does not mean that these lines comprise all the railroads in Mexico. The Southern Pacific has a nearly completed line on the Pacific coast. There is also the Mexican Northwestern Railway, in which Dr. F. S. Pearson is the controlling figure, besides the Kansas City, Mexico and Orient Railway, with A. E. Stilwell and his associates behind it. There is also the old Mexican Railway, the longest established of all, which is owned by English capital, and the lines of which run from Mexico City to Vera Cruz.

From time to time there have been reports that this last named road would be absorbed by the National Railways, but there appeared to be little need for this, inasmuch as the National Railways runs the Interoceanic Railway, which covers the same territory.

But with these two new additions the lines of the National Railways are cobwebbed pretty thoroughly over the map of Mexico. Their three entrance points at the north are El Paso, Laredo and Eagle Pass. The main strands of the system converge at Mexico City, but there are notable offshoots to Durango, Matamoros, Tampico, Guadalajara, Vera Cruz, and now to the Pacific at Manzanillo and Salina Cruz.

Included in this system are the Mexican International Railroad, which was recently taken into the National Railways, and the National Tehauntepec Railway, owned by the government, but not a corporate part of the National Railways.

MEXICO'S PROSPERITY CONVINCINGLY TOLD BY BANKING STATUS

THIS month's thousands of visitors to Mexico, says the "Mexico Daily Record" of September 5, if they be interested in the material welfare and progress of the country, will be enabled to form accurate estimates of conditions by casual investigation into the banking status. Not many other countries, even of greater populations, are upon a firmer footing, as the idly or busily curious may learn, if they take time to read as they run.

Banking prosperity in Mexico is evidenced by the opening of a number of new parent and branch institutions in the capital and outside cities, increase of capitalization and scope in several instances and building of new homes for divers banks of the republic. These developments more than offset the failure of two banks in Mexico City this year, one of which bids fair to pay its creditors in full, and the withdrawal of one firm from business.

Prominent financiers of Mexico City have organized the Mexican Banking Co., which has launched a regular banking business in all departments, except that it will authorize no issues of bank mills. The head officers are prominently identified with the thriving bank of Durango.

The Canadian Bank of Commerce, fifth strongest fiduciary institution in the world, opened its doors for business in Mexico City on August 22. Founding of the Mexico City branch is the direct result of the demand of extensive and sane investors for better facilities for the placing of their capital in Mexican ventures. J. P. Bell, late of Montreal, is manager, and his assistant is D. Muirhead, from the same city. Most of the office force is made up of capable young men of this capital, versed both in Spanish and English.

J. F. Brittingham is president and Mauro del Pena is manager of the newly organized Investment and Discount Company, Limited, which has begun a regular banking business in the city of Torreon with a paid up capital of $500,000. It will cater chiefly to foreign interests in the Laguna domain of which Torreon is the commercial center, many of its heavier stockholders being identified with the Bank of Leguna, which has confined its operations in domestic business.

Capitalists conspicuous in the affairs of the Bank of Sonora have completed arrangements for the establishment of a mortgage bank in Hermosillo, with a capital of $2,000,000. The institution will open on the first day of 1911. Among its prime objects will be the encouragement of agricultural exploitation in the States of Sonora and Sinaloa. In the beginning agencies will be established at various points in the Yaqui, Mayo and Fuerte River valleys.

Contracts have been awarded for the construction of a new home for the Bank of London and Mexico in Mexico City, the structure of steel frame and stone to be one of the finest bank buildings in the capital. Excavations extend fifteen feet below the street level and the edifice will be *four* stories high. It will be completed within eighteen months.

The private banking house of Hugo Scherer will soon withdraw from business in Mexico City, the extra-judicial liquidation of the firm's affairs having been assigned to R. V. Busto and Alfred de Chapeaurouge. All liabilities will be settled in full, the withdrawal being only in accordance with the will of the founder, who died at Frankfurt-am-Main four months ago. Hugo Scherer came to Mexico in 1881 as chief accountant of the National Bank of Mexico and remained with that government institution until 1886, when he established the Scherer bank, which developed into one of the wealthiest institutions in Mexico.

Bankers of Mexico complain of a remarkable shortage of subsidiary coin at this time, claiming that appeals to the monetary commission have not availed to relieve the situation. The famine of chicken feed is attributed to the enormous increase in the volume of business. Some of the private banks are paying fancy premiums to collectors of fractional currency.

The National pawnshop is classed in Mexico almost upon a par with the banks, transacting a similar business and handling money in almost equal volume. In July of this year operations of this government institution, founded primarily for the benefit of the poor, totaled $1,001,128.22, Mexican silver, equivalent to $500,564.11 in United States currency. The shop made loans on 39,160 pledged articles, valued at $497,234.50, silver, and there were 35,132 articles redeemed, worth $433,335. The pawnshop sold 5,103 articles for $120,612.72. Stock now on hand is of an estimated value of $2,856,716.95.

BUSINESS CONDITIONS IN ARGENTINA

An American business man who is in Argentina for the purpose of looking into business conditions in that country has been kind enough to send the "New York Sun" a brief summary of his experience and his observations in connection with the commercial phases of the International Exposition which is a part of Argentina's celebration of its hundredth birthday. His comment is illuminating and suggestive, and there is every reason to re-

gard it as accurate and trustworthy. The article reads in part as follows:

The reason for the delay in turning over the American exhibition building was the necessity for its enlargement when the American Congress made an appropriation which enabled the Government to be officially represented. The appropriation was not made until last February. We have a huge exposition palace with 60,000 square feet of floor space, and every inch of it is filled.

Most American concerns are represented in Argentina by European houses as agents, and I learn from a most trustworthy source that these houses have an agreement or understanding by which the sale of American merchandise is limited. My attention was called to a particular case, that of an American concern formerly represented here by a British firm. Under that arrangement sales averaged about $30,000 a year. Disgusted with so small a business in a field in which the Americans believed they should do a large and profitable trade, they established an independent agency with one of their own people in charge of it. Their sales already amount to nearly $1,000,000 a year.

I am told that when the exposition was being planned a little over a year ago, a number of the prominent foreign houses here agreed upon a general boycott of the exposition, alleging that they could not afford to take part in it. The truth is that they wanted the plans for the exposition to fail because they are afraid of an invasion of this market by American manufacturers. If there is any way to get fast ships between this port and New York, we can get a lot of this trade. A few days ago one of my friends went to several big stores here and asked for different articles. When he was told they did not have them, he said: "Can you send to the United States for them if I give you an order?" In every case the reply was, "Why, that would take too long; let us send to Europe for them." We could get a great deal of this order business if there were fast regular steamship service. Ordinarily an order sent from here by mail to the United States would not produce the goods in much less than ninety days. You can send orders to Europe by steamships every few days, and some of the vessels make the run in fifteen days.

England would lose out here very rapidly if it were not for her large financial investments. English railroads have in many cases their purchasing offices in England. Germany is pushing very hard in this market. There is a German commercial representative stationed here at a big salary, as salaries go. He is independent of both the legation and the consulate. He is at work all the time, and does not merely spend a few weeks in the place writing superficial reports.

GENERAL NOTES

—Porto Rico is one of Uncle Sam's best customers, according to Governmental statistical experts. Last year goods shipped into the island from this country aggregated about $28,000,000. Porto Rico purchased as much from the United States as Bolivia, Colombia, Costa Rica and the Dominican Republic combined, and eclipsed Brazil as a buyer of American goods. The present year is declared to be the most prosperous the island has ever known. The indications are that the total trade next year will reach $85,000,000 because of the increased acreage of tobacco, sugar cane and fruits.

—Waiting only for minor details to be decided upon in their plans, two large banks of Mexico City will have handsome buildings under construction within the next few weeks. One of these is the new home of the Banco de Londres y Mexico to be constructed at the corner of Coliseo and Avenida, 16 de Septiembre, adjoining the principal theatre. The contract for a reinforced steel and concrete foundation and basement has been let to the construction department of the Compania Bancario de Bienes Raices, and that company has nearly completed the excavations necessary. While the probable cost of this building will not be divulged by the bank company at present on the ground that various changes are yet to be made in the plans, it is understood that it will be one of the handsomest private structures in Mexico City, will have four or five stories above the basement and will be of steel, concrete and handsomely finished stone.

The Banco Germanico de la America del Sur, now at No. 7 Calle de Capuchinas, will begin construction work during the month of October on a four-story steel and stone bank building at No. 3 Calle Cadena. This building will adjoin the Banco de Comercio y Industry at number 5 the same street, a handsome steel and stone building

of the same type just completed. The plans for the latter structure have been forwarded to the home office at Berlin and the work will not be begun until they are returned.

—Consul Isaac A. Manning, of Laguayra, furnishes the following abstract of bank balances of the three principal banking institutions of Venezuela at the end of August, 1909, compared with August, 1908, as published, under date of May 15, 1910, by the Director of Statistics (bolivar=$0.193):

Bank of Venezuela.

	1909.	1908.
	Bolivars.	
Guarantee fund	463,656	343,307
Reserve fund	1,200,000	1,200,000
Circulation	1,977,300	1,907,310
Cash on hand	5,171,030	4,811,841
Gold on hand	2,365,921	1,572,380

Bank of Caracas.

	1909.	1908.
	Bolivars.	
Guarantee fund	375,000	375,000
Reserve fund	624,088	597,483
Circulation	762,240	788,340
Cash on hand	2,581,177	595,597
Gold on hand	1,087,255	118,845

Bank of Maracaibo.

	1909.	1908.
	Bolivars.	
Guarantee fund	12,650	9,750
Reserve fund	125,000	125,000
Circulation	820,650	1,606,330
Cash on hand	793,570	1,149,591
Gold on hand	362,113	484,487

The report of the Banco de Maracaibo for February, 1910, shows that institution had 107,613 bolivars on deposit subject to check, 598,720 bolivars in loans and 546,114 bolivars in current accounts.

—For July 31 the Banco Minero of Chihuahua, Mexico, reports total resources of $25.167,606, loans of $18,871,122, a surplus fund of $1,475,193 and deposits of $14,578,197. Juan A. Creel is general manager and E. C. Cuilty is cashier.

—At the close of business August 31 the Banco Mercantil de Monterey, Monterey N. Leon, Mexico, reported total resources of $14,414,724, a reserve fund of $251,239 and deposits of $1,988,245.

—The Deutsch-Sudamericanische Bank (Berlin) which has a branch in Mexico City, announces that it will open a branch bank at Torreon September 1. The bank will be under the charge of Hugo Hahn as acting director and Max Moldenhauer as apoderado. The announcement has also been made that Theodor Crastens has been made apoderado of the branch in Mexico City. The Deutsch-Sudamericanische bank has establishments other than those mentioned aoove at Hamburg, Buenos Aires and Valparaiso. In recent years Torreon has become an important banking center, and the addition of a branch of such a powerful banking concern will add much to the financial facilities of that growing city.

LOS ANGELES CHAPTER AMERICAN INSTITUTE OF BANKING PRODUCES A SPLENDID MUSICAL COMEDY

THE Los Angeles Chapter of the American Institute of Banking gave its annual show September 26 to October 1, at the Auditorium, the largest theater in the city. It was the most pretentious affair ever attempted by the chapter. A new musical comedy, "The Maid of Manalay," by Harry Girard, of Los Angeles, and Joseph Bletheu, manager and part owner of the Seattle Times, was presented to crowded houses. These men also collaborated in the production of "The Alaskan," a successful musical comedy. Mr. Girard is an honorary member of the Los Angeles chapter and had personal direction of the entire show. He directed last year's musical comedy, "When the Gringo Came," in which the bank boys scored a big hit.

This year's musical comedy was Hawaiian in character, and book, lyrics and music were up to the highest notch. One hundred of the institute members and sixty local girls participated in the chorus and the caste included the following singers: Agnes Cain-Brown-Girard, Miss Vida Ramon, Miss Hazel Runge, Miss Helen Sullivan, Miss Alma Murphy, Miss Edith Salyer, Miss Sherry Reeves, Miss Aline Randolph, Miss Jesslyn Van Trump and T. J. Flinn, C. F. Seidel, Carroll Johnson, Ray Padrick, W. R. Ream, Jr., Edward Philbrook, J. B. Sherry Reeves and Henry Balfour.

The following members of the chapter comprised the business committees: Business managers, George S. Greene and Warren Smith; advertising, E. H. C. Hurst, F. A. Ruenitz, E. W. Gale, Jr.; printing, Carroll Johnson, W. M. Kreim, H. Albert deWitt; finance, G. S. Greene, W. H. Lutz, Leo S. Chandler; program, W. S. Smith, J. C. Moodie, H. E. Allen, George Carlisle, R. T. Van Cleave; social, Leo S. Chandler, Don W. Carlton; tickets, W. G. Mohr.

PHOTOS BY HEMENWAY, MEMBER LOS ANGELES A. I. B.

PARTICIPANTS IN "THE MAID OF MANALAY" GIVEN BY LOS ANGELES CHAPTER AMERICAN INSTITUTE OF BANKING

HARRY GIRARD
Composer and Director of the Play

RAY PADRICK
As "Admiral Att"

AGNES CAIN-BROWN-GIRARD
Prima Donna as "The Princess Louise"

MISS JESSLYN VAN TRUMP
As "This"

MISS HAZEL RUNGE
Soprano, as "The Widow Tarbox"

T. F. FLINN
Comedian, as "Timothy Hanlas"

CARROLL JOHNSON
As "Reddy the Bartender"

THE WAREHOUSE PROBLEM IN NEW YORK

HANDLING AND RESHIPMENT OF MERCHANDISE NOT DESTINED FOR IMMEDIATE CONSUMPTION

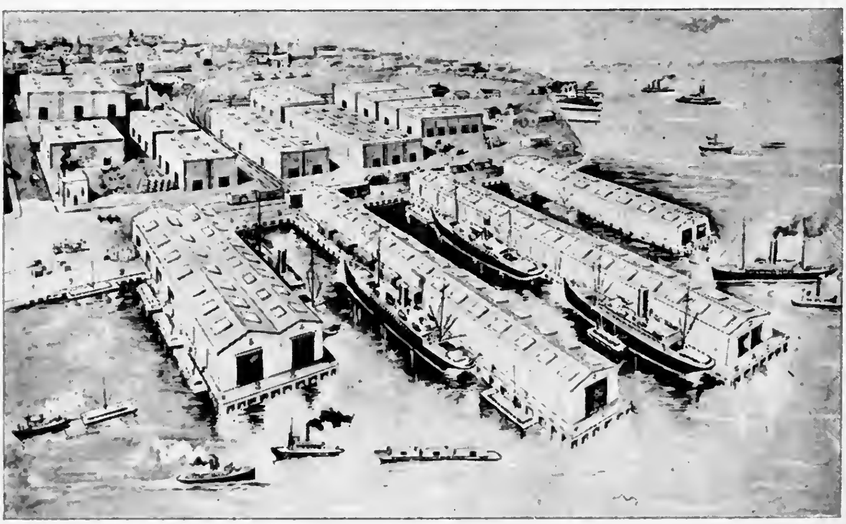
NEW YORK is undeniably the largest and busiest port in America for the receipt, storage, transhipment and distribution of goods. The shipping, commercial, banking and industrial interests of the world appreciate that this is so.

Large sums of money have been expended by the Government, appropriations have been made by the State of New York and the City of New York, and the railroads having harbor terminals have co-operated in the endeavor to meet the increasing demands of commerce by improving the docking facilities of New York harbor.

The receipt and shipment of goods from and to European, Asiatic, African, Australian, South and Central American ports has had to be provided for, and there must also be proper shipping, storage and distributing accommodations for the immense American coastwise, river and canal traffic, which will naturally increase with the completion of the Erie Barge Canal and the Panama Canal.

Recognizing the advantages thus afforded, the large manufacturing interests of the country have sought sites for industrial plants within what is termed "The Metropolitan District" of New York.

Believing that the demands of the shipping interests can best be protected and advanced by municipal control of the piers and docks, the City of New York has adopted the policy of gradually acquiring and managing the water-fronts of Manhattan Island.



General View American Dock Stores and Terminal

As a result, nearly all the water-fronts of Manhattan Island, along the East and North River, have been acquired by the City, leaving only a very few properties of this kind in private hands.

Advance in Water-Front Values.

An examination of the map of the port will displose the fact that the water-fronts

Pier 3. One of the Modern Improved Docks for Ocean Freighters

along the New Jersey shore have been absorbed almost entirely by the railroad interest for terminals, there being, with very few exceptions, no water-fronts available. Bearing on the values of water-fronts in New York harbor, it is stated that the municipal authorities of the City of New York recently paid for a pier on the North River, about 700 feet long, a sum equal to $4,000 per front foot on the bulkhead line. Also the City of New York further paid for the acquiring of land under water between 28th and 39th streets, Brooklyn, a sum equal to $1.10 per square foot, while water-fronts with very little upland attached on the New Jersey shore near Fort

Lee ferry, opposite 125th street, New York City, sell at about $1,500 per foot on the bulkhead line.

Property of a similar character between Long Island City opposite Hellgate and beyond the lighterage limits of the port, where the pierhead line runs very close to the upland and where very short piers only are thus available, sells for $750 to $1,000 per foot.

GROWTH OF THE WAREHOUSE SYSTEM.

Another feature entitled to the serious consideration of those interested in this subject of adequate dock facilities is the fact that owing to the absence of storage warehouses directly on the water-fronts of Manhattan, all goods arriving at Manhattan piers must either be carted away within a stipulated time or transported by barges or lighters to storage warehouses.

To meet the requirements of these conditions and care for the receipt, storage and reshipment of cargoes not destined for immediate consumption in Manhattan, great systems of storage warehouses, for the accommodation of the commerce of the port, has been established, in the Boroughs of Richmond and Brooklyn, within the "Free lighterage limits," of the port of New York—that is, the limit within which goods arriving or departing by railroads are delivered or called for at the same rate of freight as goods consigned to or from Manhattan Island.

As far back as 1875 the American Dock Terminal (then operating as an exclusive cotton storage depot) located its warehouses at Tomkinsville, Staten Island, Richmond County, and for twenty-five years handled an enormous percentage of the cotton shipments consigned to the port of New York.

The conditions then began to change and the demand for accommodations of general merchandise cargoes increased to such an extent that it became necessary to extend

Lighter Traffic in One of the Slips

the piers and construct additional warehouses.

The property, consisting of thirty and one-half acres, includes the water rights, or the land under water, and these riparian rights were purchased prior to the time when restrictions were placed on the present grants.

With its direct rail connection via the double track steam railway (Staten Island Rapid Transit Railway) to the trunk lines embracing the B. & O., Pennsylvania, Central Railroad of New Jersey, Lehigh Valley, Philadelphia & Reading and D., L. & W., the American Dock and Trust Company offers facilities to shippers unequalled by any other dock and warehouse terminal in Greater New York, as it is the only one having all-rail connections independent of float systems, where also the advantages of receipt by water and the storage and transhipment by rail are combined.

Fibre Store

Water Tank to Feed Automatic Sprinklers in the Stores

General Merchandise Cargo

The municipal ferry terminals (twenty minutes from New York) adjoin the American Dock and Terminal Company property on Stated Island, providing excellent trucking service, which is maintained under a separate department.

Another great advantage which the location of the American Dock Terminal offers is its frontage on the deep waters of the Bay of New York and its entire freedom from ice during the winter, due to the tides in the Kill von Kull and the prevailing west winds.

The piers, with an area of 230,000 square feet, the warehouses with an area of 250,000 square feet of storage space, power plants and standard-guage railroad tracks direct to ship side, afford everything that could be desired in the way of a terminal property. In addition there are 78,000 square feet of storage space under construction.

It is of interest to note that there is a depth of forty feet on the pier head line, permitting the new deep-draught vessels proper facilities for handling their cargoes.

MAGNITUDE OF THE BUSINESS CARRIED ON.

Some of the company's piers are leased to importing firms, for example, practically all the nitrate imported into the port of New York is handled by consignee at this terminal. Probably half the cargoes arriving direct from China are also discharged at these docks. With their great variety of merchandise they make an interesting study in themselves. At times a single cargo

In the Cotton Yard

Handling Cotton by Trainload

will be valued at $1,000,000 including every conceivable article produced by the Chinese, Japanese, Koreans and Malayans. Also it is estimated that fifty per cent. of the tea cargoes imported direct by steamers from China, India and Ceylon via the Suez Canal, as well as half the hemp shipments from Manila, have been discharged at the American Docks during the past few years. Two cargoes alone had more than 80,000 packages of tea and one hemp cargo totaled 28,000 bales, said to be the largest on record here. In addition to these consignments by water, the company receives daily rail shipments direct from the South and West without breaking bulk, and thousands of bales of cotton by lighter.

Lessening the Cost of Transportation.

To either importer or exporter, manufacturer or merchant, next to cost of production, the cost of transportation is the main factor, with insurance expense as a close second. Therefore, terminal stores which offer these facilities at minimum charges naturally are in great demand.

Tea Store

Sugar Store

Steamer "Trafalgar", Discharging the Largest Cargo of Manila Hemp received in the Port of New York (28,000 Bales)

With this in mind the American Docks installed, at an expense of about $125,000, a complete fire-sprinkler system, with automatic electric alarms and a water-tank of enormous pressure, operated both day and night by the company's independent plant. In addition to this, the City Fire Boat is stationed less than one-quarter of a mile distant.

The requirements of a large shipping terminal are so constantly changing that the enterprise is a very interesting one. The bulk of the cargoes come by steam instead of sail, as in years gone by. The money now invested in steamships is so considerably more that the owner cannot afford to allow them to remain at their docks for indefinite periods, unemployed. On account of steam power being used, the arrival and departure of ships can be depended upon, and warehouse terminal business, therefore, assumes entirely different conditions from those existing in past years.

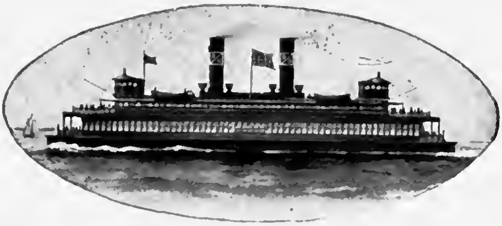
Brains and money must work together to devise the best that can be had in the way of new inventions, especially in the electrical field, to reduce expenses and install economies. The proposed double-deck pier,

Nitrate of Soda Cargo in One Section of Pier Shed

Electric Tiering Machine for Handling Merchandise in Store

with the electric hoists and cranes, overhead tracks, etc., not uncommon abroad, greatly facilitate this terminal and warehouse business.

New York city must not forget that other ports along our coast line are steadily demanding larger recognition, on account of their geographical position. Baltimore, for example, has made remarkable strides in this direction—Norfolk, Savannah and Jacksonville, with the Gulf ports, also assuming great importance. Business is so exacting that any small facility denied shippers at New York, increases the opportunities of these other ports to assert themselves.



SAFE DEPOSIT

MANAGEMENT OF A SAFE DEPOSIT DEPARTMENT

(Contributed)

GALVESTON'S tidal wave, Baltimore's big fire and San Francisco's earthquake served to teach Americans some useful lessons—especially how to cope with disasters, instability and insecurity.

While the safe deposit idea originated many years ago, for fully a generation it was confined to the financial centres. To-day the demand is such and the growth of the business so universal, that practically every community large enough to support a bank has security vaults adapted to the use of customers.

As Baltimore is one of the best and most active bond towns in the country, the safe deposit box is, logically, a popular feature of many of its banks and trust companies. Both as an investment and business producer it appears to be justified by the constantly increasing patronage among all classes.

After a study of the local systems as well as those which prevail in other cities—Washington for example—with its transitory population, the following plan, adopted by an old and conservative Baltimore bank a few years ago, might contribute a bit to the fund of experience in this interesting and important field of trust and responsibility.

The Bookkeeping.

This consists of a handy little register in which is jotted down the exact time of arrival and departure of every customer, visitor and workman who is not regularly employed about the building. Then there is a formal gate book into which the entries on the register, as they relate to customers, are posted. The gate book is well bound, of fine record paper and indexed. It is so spaced as to admit of two accounts to the page, while the columns for the year, month, date and hour extend across the double page, thus giving room for a great many entries on a single line. Next is the cash book, and a vault book, which contains the numbers of the boxes, their dimensions, prices and the names of renters. A chart is also kept at the gate, which shows at a glance the name of each customer and the number of his box. These are supplemented by the card-index system, which includes the contract and the ledger; into the latter are posted the entries made in the cash book.

The Contract.

Naturally, this is vitally important in the event of any litigation involving the institution. It is printed in several forms, and adapted to individuals, joint tenants, attorneys in fact and law, and corporations. It can also be specified that two or more persons shall be present when access is given, which is customary in fiduciary transactions. The joint tenancy, from experience, is the best and most convenient form. It not only simplifies the clerical work, but in the event of the death of the customer, the survivor, who has control, is facilitated in submitting the estate to the court. Whereas, if a deputy or attorney is appointed, the power, by the death of the principal, is *ipso facto* void, which necessitates certified authority from the court before access can be given to the proper person.

The contract card on its face cites the name and pedigree of the tenant, residence, occupation, the date, number and rental of the box, with space for special memoranda in the way of instructions, identification, etc. On the reverse side are forms for the contract and surrender. This card is indexed numerically by the box number, while each card of the ledger, which is in a separate file, is tabbed with the month in which the account was opened, thus revealing in quick, clear order each expiration and greatly aiding the clerk when he makes out his bills each month for the ensuing year in advance.

Lock and Key.

The dual lock is employed in this particular system, with a master key which requires the coöperation of the customer's key to gain admission. In other words, we have charge of the renter's valuables, but not control. The key rack is kept in the vault proper in a special safe under "a combination" lock, and it is arranged according to the number, size and price of each box, thus corresponding to the vault book. The number on the key given the renter does not correspond with the actual number of the box. It is fictitious, which is a protection in case of mistaken identity, impersonation or a falsified order. An inviolable rule is to refuse admission to any one not a party to the contract, except on written order. Where a customer opens an account

the actual number of his box appears on the receipt for rent. This receipt is another important form on which is printed the rules and regulations of the institution, with which he agrees to comply in his original contract. These rules set forth the business hours and stipulate that the loss of a key and change of residence must be promptly reported and that under no consideration must the box be left unlocked so as to give any other party access, even for a moment, out of the presence of the renter; otherwise the system would be destroyed. The manager has a code by which he can, in a jiffy, recognize the actual number of the box in the fictitious number on the key. In this way the customer is not taxed with the memory of his number and a safeguard is imparted to the system, which only extraordinary acumen could penetrate.

Other Precautions.

Where two or more persons must be present; when a box has been made subject to an order of abeyance by the court; when a special box has been reserved; when it is understood that not even a written order shall be honored—in all such cases, a little "danger signal" or warning is affixed to the box to put the attendant on his guard.

Written Orders and Court Papers.

Every written order, letter, court certificate or other memoranda emanating from the tenant or his representative, or which in any way has a bearing on the transaction is carefully preserved and those of importance are filed in the safe deposit vault. The inner or "day door" leading to the vault is invariably kept under lock, which has a bell, that automatically rings each time the door is opened and closed. At the extreme end of the vault is a mirror, which reflects every move made by customer and clerk while locking and unlocking a box.

The Coupon Booth.

An old head in the business who built up the safe deposit and storage department of a large institution in another city gave the writer the benefit of his experience. In dealing with a floating population, he pointed out the necessity of unremitting vigilance. Then, old age, absent-mindedness, carelessness, haste, deception, even ignorance, must be guarded against. For these reasons the booth is one of the most important features in the whole scheme.

We have taken the precaution to number each booth. The customer is at liberty to enter any one that is vacant. The attendant, meantime, notices the one selected and writes it opposite the name in the little register. As soon as he leaves, the booth and waste-basket are searched. In this way if any valuable is dropped, thrown away or left by mistake, the rightful owner can be located.

Environment.

Natural light, plenty of space, no dust, perfect ventilation and quiet, with vault and working quarters on a level with the street, characterize the safe deposit department which is the subject of this article—all of which was carefully thought out. And these are really essentials where infirm people, those advanced in years and women are catered to.

The Vault and Equipment.

It may interest the reader to know that this vault is encased in an armor of fifty tons of steel—the same metal employed as the basis of that which goes into the plates on the new warships. It is built in a 2½ foot brick compartment clear of the building, and the building is fireproof. The vault is entered through a ten-ton circular door, equipped with a three-clock time lock, which may be set as many as seventy-two hours ahead in the event of Sundays and legal holidays falling together. The door of the vault is covered with a frame door, and around all is a system of protection which sounds an alarm the instant any part of the building is attacked by man or the elements—which will bring a messenger within two minutes. This outside agency of protection is further fortified by the vigilance of a night watchman.

Experts from different parts of the country who have inspected this plant, its appointments, and routine have commended it as a model.

UNIQUE SAFETY VAULT BUILDING

PROFITING by the lesson taught in calamitous events of other cities, when irreparable damage was done by the destruction of records, the Title Insurance & Trust Company, of Los Angeles, will erect a vault building that will be unique, designed to resist successfully all the forces of man and nature. In the suburb of Hollywood the company will erect a fire-proof, burglar-proof and earthquake-proof building in which to store the records of the company. The structure will be made of fire-proof material throughout, of the strongest possible formation, and although it will have an Egyptian exterior its only outer opening will be a main entrance. The building, which will be really a big safety vault, will be set in the middle of a lot 300 feet square which will isolate it 200 feet from the nearest building. Except for some cataclysm that would open the earth directly under the site of this structure, nothing, seemingly, could injure it.

THE NEW PRESIDENT OF THE FOURTH NATIONAL BANK OF NEW YORK

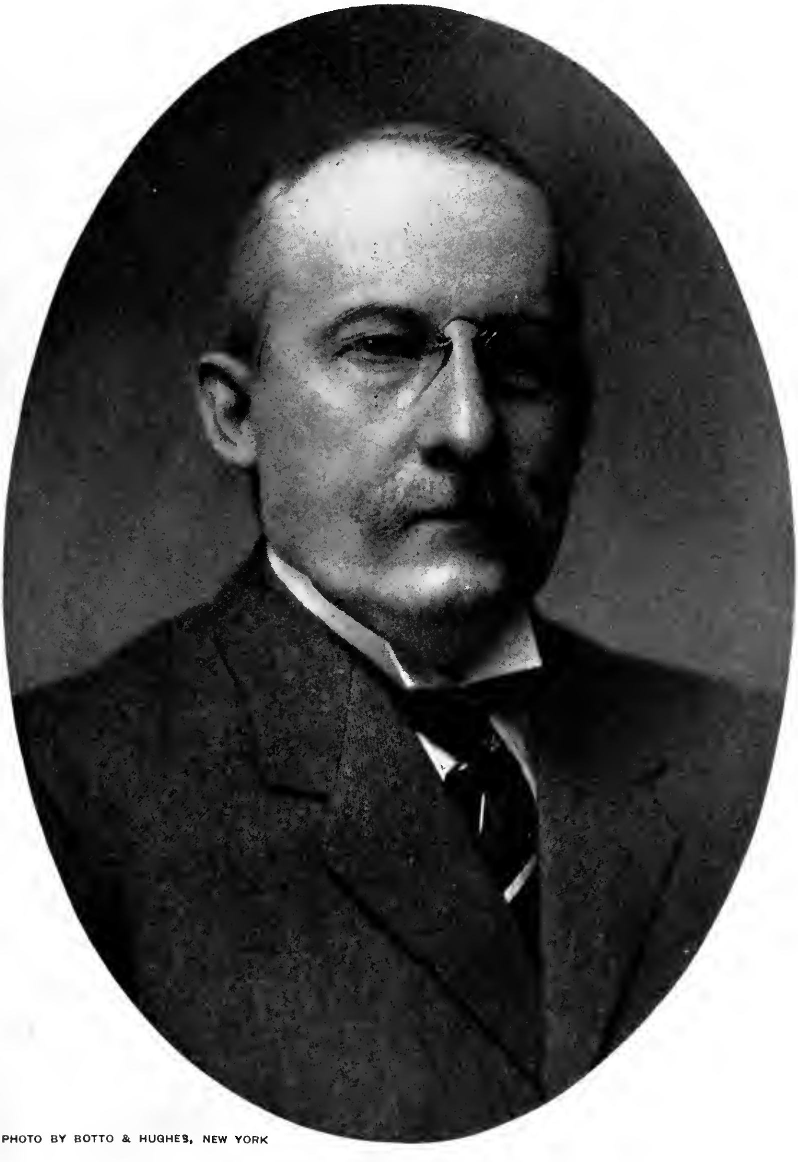


PHOTO BY BOTTO & HUGHES, NEW YORK

JAMES G. CANNON
President Fourth National Bank, New York

BY the recent death of J. Edward Simmons, president of the Fourth National Bank of New York, the former vice-president, James G. Cannon, becomes the head of that institution. Mr. Cannon had been vice-president for nearly twenty years, and active in the management of the bank. He began his banking service in 1876 with the Fifth Avenue Bank, which has turned out so many bank officers that it is sometimes referred to as a school for bankers. Starting in as a messenger, Mr. Cannon worked his way to the front, and before long his ability attracted the attention of the bank to whose direction he has just been elected.

Mr. Cannon has made a special study of credits, and perhaps it is well within the

truth to say that no man in the country has given more attention to this subject or ranks higher as an authority than he. It was due to his efforts, very largely, that the National Credit Man's Association was organized, of which he became president. His labors resulted in improving the whole system of extending credits, and contributed materially to the safeguarding of banking and business enterprises.

He has likewise made a thorough study of clearing-house methods, and his work on "Clearing Houses" is regarded as the standard on that subject.

Mr. Cannon, besides being president of the Fourth National Bank, is a director of the Fifth Avenue Bank, the Bankers Trust Company, United States Mortgage and Trust Company, United States Guarantee Company, and a trustee of the Franklin Savings Bank.

The Fourth National has maintained its position among the representative banks of the city. Lately it has increased its capital and is engaged in making important improvements and in enlarging the building long occupied by the bank in the heart of the financial district.

BANKING PUBLICITY

Conducted by T. D. MacGregor

STORIES OF THRIFT

TRUE INCIDENTS WHICH CAN BE USED IN SAVINGS BANK ADVERTISING

A YOUNG MAN started an account with us in January, 1907, with a deposit of $5. He has since that time never failed to make a deposit of not less than $5 each week. By February of this year he had an account of $1,540.50. On March second he withdrew $1,000, leaving a balance of $540.50. With this $1,000 he set himself up in business and since then his weekly deposits have been considerably more than $5. At the same time he has preserved a cash asset of more than $500 which acts as a business reserve, and he can fall back on it whenever a business reverse may require it.

A Brooklyn man by consistent and regular saving had accumulated enough money to buy a $3,500 house, with a mortgage of $2,500, and at the same time maintained a savings account of not less than $1,000. Everything went smoothly for a few years with him and his family, which consisted of his wife, his wife's sister, and five little children. Adversity set in, however, and the husband died after a short illness. His widow struggled along with her five children by taking in work wherever she could, and by drawing upon the $1,000 savings account, paying in addition to the living expenses the interest on the mortgage and the taxes on the property. Three years she kept this up until her oldest child graduated from grammar school and found a position with a bank. Early this year there was a balance of a little more than $250 in the savings account, and with this money the woman bought a little candy and notion shop near a schoolhouse. She made an immediate success of this and is again adding small amounts to her savings account, at the same time she is sending her children to school, and hopes with the fall to let the oldest boy, who is now working in the bank, take up a highschool course.

One of the earliest depositors of the Franklin Society was a woman then about thirty-eight years old. She lived on the East side and in comparatively early life, her husband died, leaving her a widow. She had no children and worked whenever she could, setting aside her savings as she was able and in times of sickness or idleness drew upon the account. The account did not grow very rapidly but in spite of intermittent withdrawals the balance gradually increased. She had always been a close friend of the society, and had sought its advice on several occasions, thereby coming into close touch with the officers. A few years ago she walked into the offices of the society and asked to see its various officers. She was bidding them farewell as she had concluded that her work was done and she deserved to rest and to spend her remaining days in leisure. She wanted to draw the balance of her account to turn it over to the Old Woman's Home, where she was going. The balance was $179.82. It was not much, but she was happy and it meant success for her.

A young man, a clerk in a large corporation and a faithful worker, had become dissatisfied with the slowness of his progress. He was ambitious and knew very

well that his work was being done better than it had ever been done before, but he had outgrown it and had not received the opportunity to do larger things. He knew too that he could master these larger things. He came to me for advice, and I asked him why he did not present his claim to his employer. He said in answer that he had thought this matter over, but that he could not run the risk of failing in his application, that he had already gone to his employer and asked for an advance in position and in salary and his request had been refused. He could not press his demand and the only thing left for him to do was either to keep at his present work or resign his position. The latter was out of the question, for he had nothing else in view. The only advice I could give him was that he should draw himself together, keep at his work and make up his mind to set aside in a savings account a specified amount each week in the face of all possible contingencies. Acting upon this advice he set to work with a new vigor, made many personal sacrifices, and in two years had saved up $1,000, at the same time making sure that his employer should know to the full extent his efforts and the amount he was setting aside. It was a hard two years for him and without many outside pleasures, but in about two years his reward had come. He had saved about $1,000 and this his employer knew. For some reason or other his employer changed his estimate of the man; he recognized his worth, perhaps because of his independence attained through his savings pass book, and voluntarily promoted the young man to a responsible position.

The key note to saving is regularity and continuity. No matter who the person is or what his station in life, a good reward awaits the successful saver.

Hoping that these instances may represent the material asked for in your letter, I am,

Yours very truly,

HENRY A. THEIS.

Second vice-president The Franklin Society for Home Building and Savings, New York.

On June 29, 1907, Mary S. opened account with the Home Savings Bank of Brooklyn with $1, stating at the time that she was fifty-three years of age and had not saved a cent, and was fearful that she would die and leave nothing to bury her with. She was going to try and deposit one dollar per week regularly, for this purpose. The teller immediately became interested in her and suggested that she take a home bank and when not convenient to come to the bank with the money to place it in the little bank instead. This pleased her immensely, and she went home and placed the little bank on the mantel shelf and began systematic saving. She found it a constant reminder of her promise to the bank man and herself, and whenever she had spare change it went into the bank. The result of the matter was she "got the habit" and instead of saving a dollar a week, her account now (July, 1910) shows a balance of $309.09, or three times the amount she set out to save. Only one withdrawal appears, caused by death in the family. Perhaps the little bank did it; perhaps it was her determination; doubtless it was both. She is now a thrifty woman, with enough not only to bury her decently, but keep her comfortably for some time before that sad event happens. It is one of the best cases of the savings bank fulfilling its fundamental purpose of "promoting habits of thrift and industry" that has ever come to my notice.

One of the best cases of systematic and persistent saving that ever came to my attention was that of a letter carrier in a country town, whose salary was about $80 per month. He was fortunate in marrying a thrifty German girl, and with her help was able to live comfortably and save $30 every month. The carriers were paid off on the first and fifteenth and for several years he never failed to deposit $15 on the above dates. The bank men began to look for him, and he never disappointed them. When his savings reached about $4,000 he stopped coming for a time, and in due season he was riding around in a modest automobile, which he had paid for from other savings accumulated for the purpose, but shortly thereafter he got back to his old pace of "thirty a month." His original fund is still intact and whatever extravagance he may be charged with is more than offset by his systematic and continuous saving.

W. H. KNIFFEN, JR.,

Cashier Home Savings Bank, Brooklyn, N. Y.

On January 2, 1872, a man by the name of Smith deposited in this savings bank $100. He never deposited on or withdrew from said account for over twenty-five years, at the end of which time, or on September 3, 1897, the date of the first withdrawal, the interest had amounted to $221.66, and together with the original deposit of $100 made the amount standing to his credit $321.66.

A. W. TREMAIN,

Treasurer Oneida County Savings Bank, Rome, N. Y.

PERSONAL ADVERTISING

BANKERS EMPHASIZE THE IMPORTANCE OF THE PERSONAL TOUCH SUPPLEMENTING PUBLICITY

THE following letters were written by officers of banks in the central reserve cities, one in New York, two in St. Louis and two in Chicago, to a young banker, in reply to an inquiry as how best to work to increase a bank's business. The young banker had originally been employed in a well established country bank, later in a large city bank, after which he organized a banking institution in a city of fairly good sized population. Having a personal acquaintance with the officers in these city banks, excepting New York, he was tempted to seek this information. These letters were written off-hand in 1906, and without ever any thought of being published. It would be our pleasure to publish the names of the officers, but their modesty prevents. However, we can assure our readers that they are of our foremost bankers, and whose ability for building up large institutions, without consolidations in each case, has been proved. We feel very fortunate in being able to secure these letters for publication.

June 29, 1906.

My Dear Mr. ———:

I have your letter of the 28th and was pleased to hear from you. I believe the most effective way to secure business for your institution is through personal solicitation on your part. Nearly all of the big accounts we have, have been obtained through personal friendship and influence. It is simply a question of intelligent effort and a courageous personality.

Mrs. ———and I leave for Europe tomorrow evening, and that reminds me that it is necessary to follow up business activity with an occasional rest of from four to six weeks every summer. I think every active banker and business man ought to endeavor to do this in order to keep his physical and mental condition up to a high standard.

We will be back in the middle of August, and I hope you will have occasion to come this way and visit me.

Very truly yours,

———

June 29, 1906.

My dear Mr. ———:

Answering your very kind letter of June 28 we are gratified to learn that you are interested in our growth. While our deposits at this time are abnormally high, our growth we believe is due to the fact that it is being recognized that we are conducting our business along very conservative lines, and a great many of our friends are interesting themselves in our continued growth.

We endeavor to solicit our present customers to speak a good word for us whenever possible with their friends and in this way a great many new accounts are added. We should be very glad if in your acquaintance you happen to know of any of your banking friends that we might visit and possibly interest with us. Assuring you we very much appreciate the account you carry with us, and hoping to have the pleasure of a call from you in the near future, we remain,

Yours Very Truly,

——— Cashier.

June 29, 1906.

My Dear Mr. ———:

Referring to your letter of the 28th inst., I find it rather difficult to suggest a definite and comprehensive plan for increasing the business of a financial institution.

We are now about to distribute a desk calendar to run for two years from September, 1906, a specimen of which is herewith enclosed. These calendars, being issued at this season, will be more certain of a place on the desk of the recipients than if they were distributed at the first of the year when so many calendars are being sent out. It is our intention to keep a list of persons to whom we send these calendars and "follow up" with a special letter some time after their distribution.

I believe you will find some novelty such as this,—calendar, eraser, blotter, etc.—a good means of increasing your business.

Wishing your institution all success, and joining you in hope that your account may soon be one of the best on our books, I am,

Yours very truly,

———

June 30, 1906.

My Dear Mr. ———:

Replying to yours of the 28th, regarding the best methods of advertising, we have found that a most excellent way of drawing business is to have circular typewritten letters carefully prepared and mailed to those whom we desire to reach. The letters should be addressed and the name and address should be a close match to the ink used in the body of the letter. Most of the circular letter concerns are now able to furnish very good facsimile signatures, but if the time can be spared, it is much more effective to have a written signature, as it seems to convey a stronger impression and is more of a personal letter. With the letter, there should be enclosed a statement of the present condition of the bank and such other advertising matter as might suggest itself.

The personal plan of soliciting business is probably the most successful of all plans

that have ever been tried. The use of a fine grade of stationery, the insistence upon good workmanship in the printing of the circulars and the mailing of them under two-cent postage, cannot be too strongly urged. Unless the letters are sent out in good form, the effect is largely lost.

Another very good method of getting business is to address a letter to your present customers, stating that it is your desire to establish a closer relationship with them, enumerating the various departments in which you can serve them and asking that they suggest to their friends, the facilities and advantages of doing business with your institution. Occasionally letters to your own customers will bring considerable new business.

The above, of course, is in addition to such dignified newspaper advertising as you may contract for from time to time during the year. The word "dignified" is used for the reason that there has been a growing tendency in some quarters to advertise the business of a bank very much as a patent medicine concern exploits its cure-all.

You should not, of course, overlook your directors. If you are able to make them active workers for your bank, it will accomplish much.

Another matter of great importance, is the holding of the business you already have. Courteous treatment every day in the year to all of your customers large and small, will create a working force of friends for your bank that will out-class every other kind of advertising. Count the number of your employees and should each of them offend only one customer each day, it simply becomes a mathematical calculation to find out how many people, in the course of a year, are enrolled in the list of those who are inclined to speak unkindly of your bank and its management. Courteous treatment, intelligent attention to the wants of your customers and a little kindly consideration of the feelings of the other fellow when you are obliged to say "No" to a request of any kind, will keep the relations of a bank to its depositors on a friendly basis and will surely result in the mutual benefit of both. Always remember that "No", as cold and severe as it sounds to the man who asks the favor, can be divested of much of its sting if a little thought and patience is exercised. State firmly, but kindly, your reasons for not being able to grant the request, reason with him a little, and nine times out of ten, the depositor will go away almost as pleased as if he had been granted the loan he asked for or other favor he was pressing.

Keep your employees enthusiastic over the growth of your bank. Inspire them with a zeal to please the customers. See that your facilities are up to date and that your people do not have to wait unreasonably long in transacting their business with your institution.

The above impress me as general essentials for the holding of present customers and the getting of new business.

With kindest regards, I am,

Yours very truly,

———————

July 11, 1906.

My Dear Mr. ————:

Your letter of the 28th ultimo came duly to hand, and we held it over a few days. More than once we took it up with the intention of replying, but it is difficult to know just what to say in a case like this. The condition under which banking business is conducted in a city the size of ———— varies so much from those which prevail in a larger city, that one naturally hesitates to give specific advice, and so any remarks we may make must be general.

We notice that you have a fine and attractive building and an influential set of directors, and we think you will have to lean largely on them when it comes right down to securing the business. Your statements and other items we have seen indicate that you have the right idea of advertising your bank and setting forth its facilities, and if you keep well before the public, of course, it will make it easy for your directors to swing business your way.

We fear that what we have said will not help you very much because you know every banker looks out on the field from the standpoint of his own personal experience, and we might say to you that the business of this bank has not been built up by following any specific methods, but just by watching carefully and taking advantage of every opportunity that presented itself, and in general, we think this is the course you will have to pursue.

Yours truly,

————, Cashier.

TWO BOOKS FOR ADVERTISERS

"THE SCIENCE OF ADVERTISING" is the title of a valuable little book by Edwin Balmer with the counsel of Thomas Balmer, just published by Duffield & Company, New York. The articles making up the text matter of this book appeared first in the "System" magazine where they attracted favorable notice. An idea of the scope of the book can be obtained from this paragraph of the introduction:

"We make an estimated expenditure of one billion dollars annually for the various forms of advertising; but few of us take the trouble to follow the movement of this sum as an industrial force; fewer of us appreciate any substantial part of the economic action of this tremendous amount

spent for advertising and still fewer comprehend the final social result of our modern advertising."

The book is an interesting while somewhat academic discussion of the broader effects of advertising. Bound in boards, price 75 cents.

"Astir," is the rather unusual title of a book written by John Adams Thayer, being the life-story of that well-known publisher written by himself. Mr. Thayer, who is best known in the advertising and publishing field on account of his former connection with "Everybody's" magazine has written in a most entertaining manner concerning the struggles and successes of a busy life. The sidelights which he throws on some of the best known publishers and publications are interesting to say the least. The book is written in a modest and unassuming style. To anyone at all interested in publicity matters it is as interesting as a romance—the romance of real achievement. Boston, Small, Maynard & Co. Cloth bound, price $1.25.

BACKING UP ADVERTISING

The Banker Must Do Something to Make it Most Effective

At the recent meeting of the Washington Bankers' Association at Seattle, James K. Lynch, vice-president of the First National Bank ot San Francisco, delivered an address in which he made these remarks on bank advertising:

Of course we are all advertising; the bank's sign is an advertisement; banks locate on the most prominent corners for sake of the advertisement and nowadays even the most staid, sober and conservative of banks publish cards in which they mention their capital and surplus together with the names of their officers and directors.

Professional advertising men unite in saying that these cards are very nearly, if not quite, valueless and I am rather disposed to agree with them. On the other hand, the kind of stuff turned out by the professionals is sometimes calculated to make the man who has money take to the woods and hide his wealth in a hollow tree. Evidently, there is much yet to be learned on the subject of bank advertising. My own opinion is that the art will have to be developed from within the bank by men who understand banking and who know how to express themselves clearly in terms that can be generally understood.

We are apt to forget that banking is a highly specialized business and that its technical terms have no meaning to the average man. Mr. Wilson says that when he has tried to get an explanation of terms used in the business from some of his banking friends he has been able to understand them and I am convinced that a bank balance sheet is meaningless to more than fifty per cent. of the community. For instance, I believe that many people consider the published statement of a bank's deposits to represent actual cash in its vaults which it could loan if it were only so disposed while the obligation to pay all its deposits in cash on demand is not only recognized by the same people but insisted on. How any one can suppose these two diametrically opposite conditions to exist at the same time, is a paradox which I will not attempt to explain.

One of the banks in Seattle has evidently realized the necessity of reaching the popular understanding and has published a statement in which each item is explained, and its significance pointed out in every day terms.

Probably all advertising, from the stereotyped card of the old time banker, to the heart to heart prattle of the up-to-date ad writer, does some good, reaches some people, or at least serves to keep the name of the bank before the public. But nothing can take the place of personal contact. The banker has got to get outside the bank and meet the people on even terms, divested of all the dignity conferred by mahogany, plate glass and bronze. Within the bank he must be accessible even if he has to stand out on the floor, where he is exposed to the attacks of advertising solicitors, book agents and charity workers, in order to become so. From the president down to the last office boy every one in the service of the bank must realize that it is his business to make the bank popular in the best sense of the word; to receive every customer with courtesy and to send him away satisfied. This does not by any means imply that every favor asked for is to be granted or every loan applied for is to be made and it is one of the trials of our business that much of the time we have to say no when we would personally prefer to say yes. But we can at least say no in such a manner as to convince our customer that we take an interest in him and that we would be disposed to help him if we could, in justice to the institutions we represent.

SAPULPA ELECTRIC CO. SOLD

The Sapulpa Electric Company, which operates the central station business at Sapulpa, Oklahoma, has been purchased by H. M. Byllesby & Co. of Chicago, which firm will hereafter operate and manage the property. According to the Federal census, Sapulpa has a population of 8,383, representing a gain of nearly 100 per cent. since the State census was taken in 1907. The electric lighting and power system at Sapulpa is new, but in the past has been able to serve only about one-half of the immediate demands. Byllesby & Co. will proceed at once to install a 500 kw. generating unit, which will more than double the capacity at the station. Located in the heart of the oil and gas producing fields of Oklahoma, a rapid and healthy growth in the population of Sapulpa is secured.

SPLENDID NEW HOME OF THE SECOND NATIONAL BANK OF PITTSBURGH

DIGNIFIED in its simple lines and chaste in its architectural harmony, the new building of the Second National Bank of Pittsburgh, standing at the corner of Liberty avenue and Ninth street, is typical of the great strength and solidity inherent in the institution it shelters.

Built of light gray granite quarried at Hallowell, Maine, with basement and sub-basement of reinforced concrete, the massive structure is so constructed as to be sufficiently strong to withstand the water pressure, in case the high water should ever reach the level of the curb at the corner of Ninth street. The walls and floors are waterproofed both inside and out, and in addition there is a system of drainage, by which any water that might possibly find its way from the outer layer of the waterproofing would be led off before reaching the inner layer. It covers a lot 36.8x110, is 178 feet high from the bottom of the foundation to the top of the roof, and rises 145 feet above the pavement.

The Second National Bank occupies the basement, sub-basement, first, second and third floors, with the exception of two offices situated on the latter floor. A swift electric elevator, automatic in its mechanism, is provided for the especial use of the bank; outside in the main corridors are the other passenger elevators.

Two Enormous Strongboxes.

Access to the vaults is by means of a private staircase leading from the banking room only. Situated in the basement are the two enormous armor plate vaults, each fitted with two time locks and a combination lock. The lining of the vaults is of chrome steel, and they are separated by a grill. One of the vaults is for the bank's papers, the other for the cash. The book vaults are located in the basement, and there are two additional book vaults in the sub-basement. A locker room, toilet and bathroom for the bank's employees are also located in the basement.

Main Banking Room.

The bank's main floor, entered directly from the street, is most artistic. With the exception of the frame work of the plate glass doorways, the desks of the directors and the settees for the customers, not a particle of woodwork is to be seen on this floor. The Botticino marble, of a peculiarly soft, creamy tint, of which the first floor is built, was quarried in Italy especially for this building. This, in combination with gilt, bronze and polished plate glass of unusual thickness, enters into the furnishing of the large banking room, which occupies the entire space, with the exception of the entrance hall at the Ninth street side. Huge electroliers of gilt bronze hanging from massive linked chains and fitted with frosted glass bulbs, afford light, while the side lights, in similar brackets, diffuse the light in a pleasing manner.

Simplicity in Decoration.

There is no attempt at decoration other than the graceful lines afforded by the panelled marble, and the pure Greek outlines of the columns of the balustrade separating the desks of the directors from the main banking room. Behind the counters there is a staircase leading to the mezzanine floor, where is situated the bank's private telephone exchange.

The second story contains the rooms for the correspondence clerks and general bookkeepers, also a large filing room, small offices for the clerk in charge of the filing room, and a room for the storage of papers.

On the third floor there is a spacious directors' room, occupying the front of the building. The mural decoration of this

Home of the Second National Bank of Pittsburgh

room is exceptionally pleasing. Old ivory is combined with a dull green, with a touch of gold added to relieve what might otherwise be monotoned. For a border the Greek key design is used, and a wainscoting of unpanelled specimen mahogany adds to the room's dignity. The furniture consists of a massive table of carved mahogany and chairs upholstered in green leather, with mahogany frames.

Main Corridor, looking towards the Front Entrance

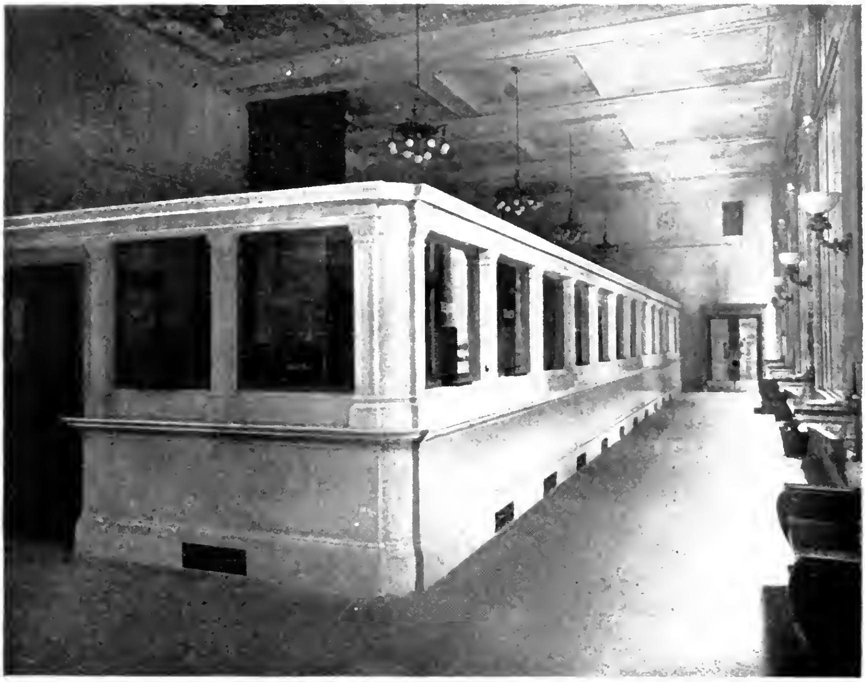
Comfort Provided For.

Behind the directors' room is the dining room for the officers of the bank, which adjoins the dining room for the employees. Adequately lighted from windows facing Ninth street, the rooms are cozily furnished in mahogany, that for the officers having, besides a massive round mahogany table, a buffet, serving table and china closet of carved mahogany. The linen and chinaware and silver are marked with the bank's monogram. Across the hall is the kitchen, cold storage room, pantry and serving room—all fully equipped with the latest appliances for the preparation and serving of food.

The fourth floor and those above are divided into offices. The woodwork throughout the building is of oak, excepting in the banking room, the officers' dining room, in all of which latter is of mahogany. The entrance vestibule and corridor on the first floor are lined to the ceiling with Pentelicon marble, and all the corridors and toilet rooms are wainscoted with the same marble. The floors of the corridors and toilets are of Tennessee marble.

The mechanical equipment consists of three 100 horse-power boilers, which are equipped with mechanical stokers. Electric current is generated by means of two engines of 200 indicated horse-power, direct connected to two generators.

In order to maintain comfortable conditions at all times in the portion of the building occupied by the bank, a system of heating and ventilation has been installed



Banking Counter

A View of the Officers' Quarters on Opening Day

HENRY C. BUGHMAN
President

THOMAS W. WELSH, JR.
Vice-President

JAMES M. YOUNG
Cashier

BROWN A. PATTERSON
Asst. Cashier

Transit and Mailing Departments

by means of which fresh air is brought in from the exterior, and after passing through an air washing device capable of removing ninety-eight per cent. of the dirt, is passed over tempering coils and discharged by means of a fan into the various rooms to be ventilated. The foul air is exhausted from these rooms by means of a second fan, and there is a third fan which exhausts the hot air from the engine and boiler rooms. The toilet rooms and kitchen are ventilated by means of a small fan located in the eleventh story. There is a refrigerating plant by means of which drinking water is supplied to all parts of the building. A vacuum cleaning system has been installed with outlets at three points in each corridor on each floor and in the banking room.

Ladies' Department.

Situated on the first floor, near the Ninth street entrance, is the reception room that has been provided for women customers of the bank. The dainty little apartment is furnished in mahogany, with a writing table of Pompeiian design, a private telephone, a toilet room with maid service, and every convenience that could be devised for the comfort of women visitors. An Oriental rug in warm colorings covers the floor, and the windows are screened with green silk.

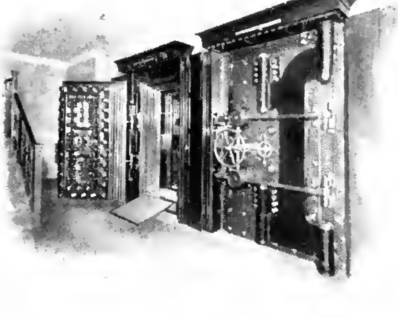
Historical.

The Second National Bank of Pittsburgh was organized in the year 1863, with a capital of $300,000. Its charter number, 252, was granted shortly after the National Bank Act went into effect. By easy stages, totally devoid of anything spectacular, the business was developed and brought to its present satisfactory state.

Nine years ago, in November, 3000 shares of new stock were issued, thereby increasing the capital to $600,000. On November 1, 1905, in order to take care of the bank's increasing business, the capital was further

Dining Rooms for Officers and Clerks

Luxuriously Furnished Directors' Room

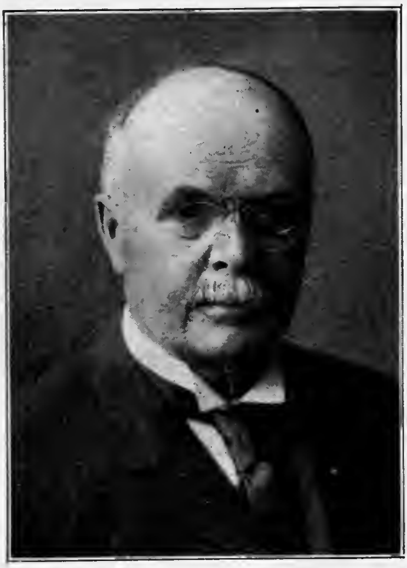


The Vaults

Alcove for Ladies

increased to $1,800,000 by the declaration of a 200 per cent. dividend from the surplus. To date the bank has paid its stockholders dividends of $3,672,000; the present rate is two and one-half per cent. quarterly.

As a representative for out-of-town banks, the Second National justly claims to be the pioneer in Pittsburgh. It is carrying, at present, the accounts of about 375 banks located in Western Pennsylvania, Ohio and West Virginia. A large number of these accounts have been cared for while this country was passing through the severe panics of 1873, 1893 and 1907.



WILLIAM McCONWAY
Vice-President

At the close of business September 1, 1910, the Second National Bank of Pittsburgh reported as follows:

RESOURCES.

Loans and discounts	$7,324,286.74
Investment securities	4,006,271.98
United States bonds	1,050,000.00
Premiums	39,643.75
Banking house	882,016.49
Other real estate	256,918.75
United States Treasurer	45,000.00
Cash and due from banks	4,279,273.19
	$17,883,410.81

LIABILITIES.

Capital stock	$1,800.000.00
Surplus	2,000,000.00
Undivided profits	206,670.78
Circulation	895,100.00
Deposits	12,981,640.00
	$17.883.410.81

This excellent statement speaks for itself and needs no further comment.

PERSONNEL.

Of the officers of the Second National Bank much might be said in praise of their zeal and loyalty to the institution they serve—much that cannot be set down here. They are: Henry C. Bughman, president; William McConway, vice-president; Thomas W. Welsh, Jr., second vice-president; James M. Young, cashier; Brown A. Patterson, assistant cashier.

Henry C. Bughman was elected president in January, 1906, to succeed the late James H. Willock. His father was one of the bank's incorporators and first directors.

William McConway, vice-president, is president of the McConway & Torley Co. and is in point of service, the oldest director now connected with the bank.

Thomas W. Welsh, Jr., entered the bank in 1876, was elected cashier in 1888 and promoted to the second vice-presidency October 1, 1904. He is at present one of the active executive officials.

James M. Young, the cashier, has been with the Second National Bank for twenty-five years and was promoted to his present position October 1, 1904.

Brown A. Patterson, also an old employee of the bank, was elected assistant cashier in 1904. He claims a wide acquaintance among Pennsylvania bankers.

Entrance to Public Elevators

Now that the Second National Bank of Pittsburgh is comfortably housed in the splendid building illustrated herewith, the officers, knowing full well the bank's facilities for handling a large volume of business, confidently expect to see a marked increase of deposits before another official report is issued.

UNION TRUST COMPANY OF NEW JERSEY, JERSEY CITY, N. J., COMPLETES A MODERN BANK AND OFFICE BUILDING

Photos by Oliver Lippincott, New York

ONE year ago the United States Government purchased by condemnation and otherwise all the property on the East side of Washington street, Jersey City, lying between Montgomery and York streets, preparatory to erecting a Federal building covering the entire block. This action forced the Union Trust Company of New Jersey to seek a new location. A very desirable site was purchased across the street from the old home and the directors proceeded to organize themselves into the Proprietors' Company of New Jersey, which company has built the handsome bank and office building that stands completed at Montgomery and Washington streets, Jersey City, New Jersey.

This building has been erected on a plan that is distinctly unique in that it permits the outside public to become part owners on a co-operative basis. As trustee to the unit holders the Union Trust Company holds title to the property and is charged with the operation and maintenance of the building. This plan has been most successful to date and there is every indication that the investment will return over six per cent. net.

New Bank and Office Building Erected by the Union Trust Company of New Jersey, Jersey City, N. J.

Entrance to the banking rooms, located on the ground floor, may be had through the main doors of the building, which open into a large marble vestibule and corridor paneled with Sienna marble.

Almost the entire sixth floor is taken up with the large court rooms of the Court of Chancery, State of New Jersey, and

the seventh floor is occupied by the Downtown Club of Jersey City, a lunch club with a restricted membership, representing the largest business interests in the city. The Bankruptcy Court is likewise a tenant.

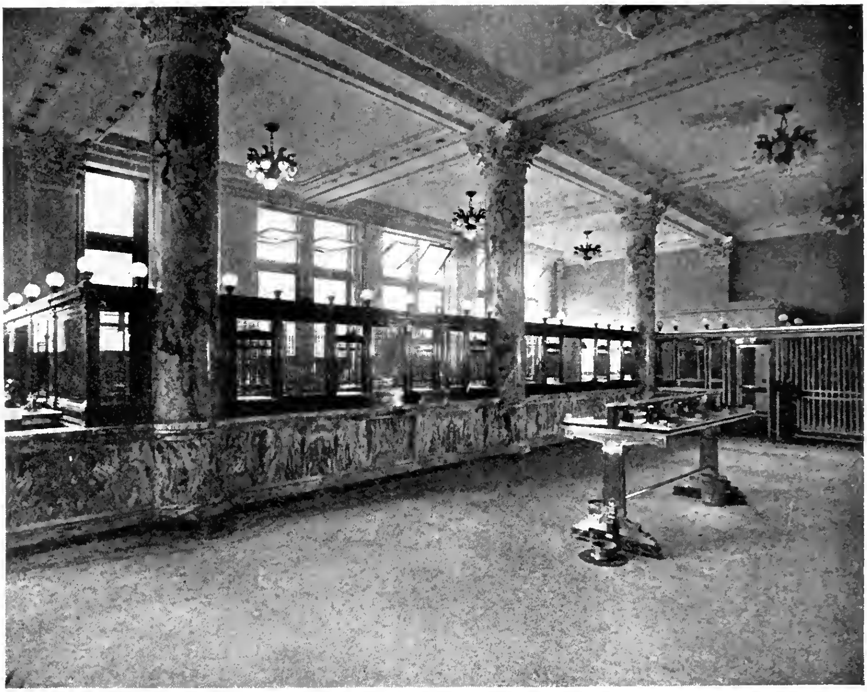
It would be difficult indeed to improve upon the interior arrangement of the banking rooms; they are furnished with the best of everything, have an abundance of light and ample space for the accommodation of patrons and for future growth. Three handsome marble columns support the roof of the main banking room which is finished in white oak, solid bronze and breche violetta marble. In a mezzanine gallery overlooking the bank there are three comfortable corporation rooms available for the use of corporations for their annual and other meetings. The directors also have a room, furnished in flemish oak and equipped with a private toilet and lavatory on the mezzanine floor. A sensibly furnished ladies' room is a feature of the lower floor.

Only the most modern banking equipment has been installed in the various cages and departments where the real work is carried on, an item that insures to customers prompt, careful attention to all business of a banking or trust nature.

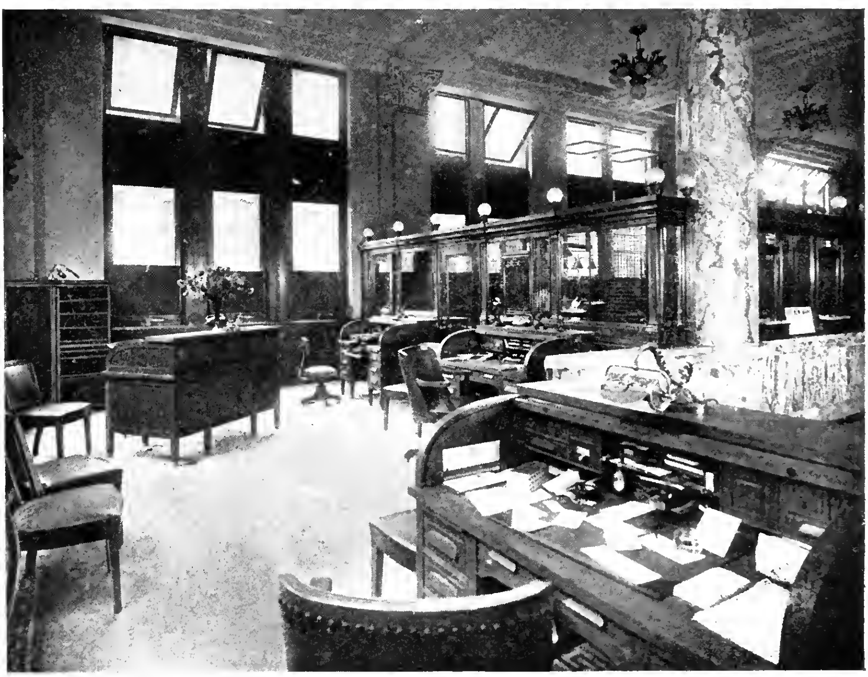
Those who planned this building have given special attention to the vaults and in this respect the Union Trust Company has gone to unusual expense to secure vaults of the latest and most approved design. They have in adition to the book vault and securities vault, a mob-proof safe deposit vault which is certified under affadivit to be the strongest in every particular that the Remington and Sherman Company have ever built. It is of the round door type, door and vestibule weighing thirty-seven tons, is provided with twenty-four steel bolts and additionally protected by the electrical contact system. In the event of an attack during the day or night an alarm would be automatically sounded both inside and outside the banking rooms.

SAMUEL LUDLOW, JR.,
President

The vault is constructed of heavy lami-



General View of the Banking Room



Officers' Room

nated chrome steel, in both inside and outside cladding, while concrete, railroad iron and carborundum rm the other principal construction materials. It is estimated that one man equipped with the most modern safe breaking tools would have to work continuously day and night for weeks to gain access to the interior compartment. The emergency door, which is a facsimile on a smaller scale of the main door, is as substantially equipped as the main door, and will permit of entrance to the vault at all times even in the event of trouble with mechanism of the main lock. This immense strong-box has accommodations for fifteen hundred private safe deposit boxes, as well as the bank's securities. Several large, well-ventilated and well-equipped private coupon booths are near by for the use of customers.

JAMES G. HASKING

Vice-President and Treasurer

The Union Trust Company of New Jersey was organized and opened for business on the first day of July, 1907. At the time of organization, it took over from the Second National Bank of Jersey City, which was winding up its affairs, all of its deposit liabilities and began business with $500,000 capital, $125,000 surplus and a little over $1,000,000 deposits. Since that time, the deposits have increased over double their original amount, until now the assets of the company amount to over $3,000,000.

During the late panic, the Union Trust Company maintained a record that has been commented upon favorably by the most representative bankers of the country. During the panic they were not obliged to call one loan; cashed every check presented without question in any denomination of bills required and at the same time maintained in their vaults alone cash to an amount more than equal to the full legal amount of fifteen per cent. reserve required by the laws of the State of New Jersey.

Samuel Ludlow, Jr., president, is a man of wide banking experience, having received his education in the banking business during eighteen years' service with the Fourth National Bank of New York and as assistant cashier of the National Shoe and Leather Bank of New York. He was the organizer and president for the first two years of the New York Chapter, American Institute of Banking and was at one time vice-president of the National Association of the Institute.

J. J. GORMAN

Vice-President

He is a director in the First National Bank of Montclair, and the Broad & Market National Bank, of Newark, treasurer of the Downtown Club of Jersey City, vice-president of the University of the State of New Jersey and president of the Proprietors' Company of New Jersey, the operating company of the new Union Trust Company building.

John J. Gorman, the first vice-president, is vice-president of the Manhattan Electrical Supply Company, and a prominent citizen of Jersey City. He is closely identified with the interests of the city.

Joseph E. Bernstein, the second vice-president, is recognized as the largest and one of the most progressive merchants in Jersey City. He is president of the Furst Company, the largest department store of

JOSEPH E. BERNSTEIN

Vice-President

the city, as well as the Bernstein Company, the largest clothing establishment. He has been prominent in every movement for the civic upliftment of Jersey City and has done much to advance its interests.

James G. Hasking, the third vice-president and treasurer, is one of the most highly respected banking officials in the city. He has been an officer of the Bank of Jersey City, cashier of the Second National Bank of Jersey City and of the Union Trust Company of New Jersey covering a period of fifty

GEORGE E. BAILEY

Secretary

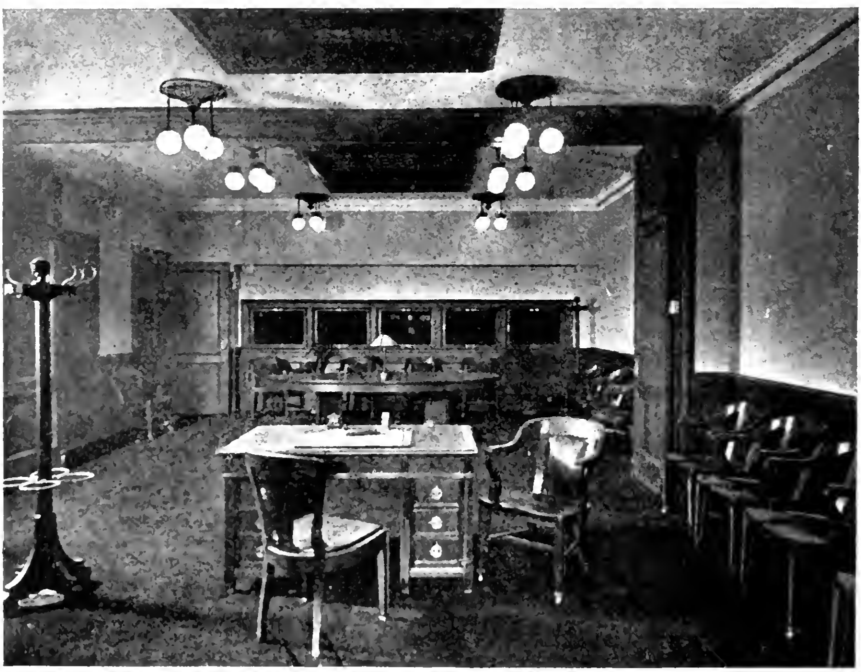
years. He is now president of the Jersey City Sinking Fund Commission.

George E. Bailey, the secretary, is representative of the younger business men of the city. He received his education in the security business, serving many years with prominent brokerage houses in New York and since assuming the secretaryship of the Union Trust Company has made many friends for the company.

The last statement of the Union Trust Company of New Jersey indicated a capital of $500,000; surplus of $183,000; and deposits of $2,260,000.

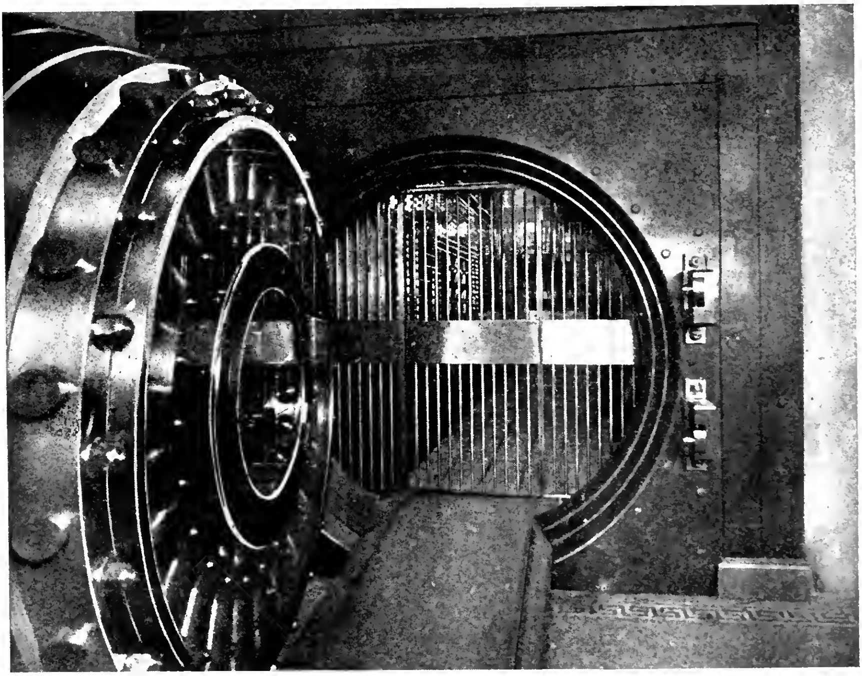
The future prospects of this company seem to be most brilliant. There is perhaps no bank in the State of New Jersey that has such opportunity for growth as has this institution. With the prestige already gained, coupled with that which will come to it by reason of its location and magnificent equipment, its business should double and triple before the close of another year.

Directors' Meeting Room



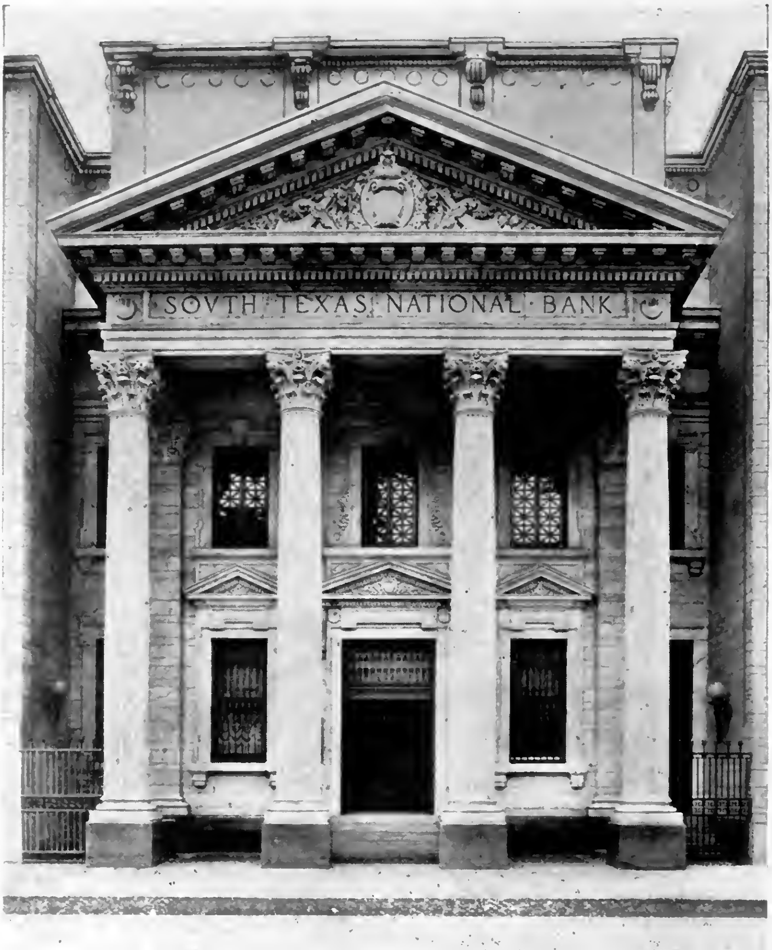
Corporation Meeting Rooms

Trust and Real Estate Department



Door and Entrance to Safe Deposit Vault

PALATIAL HOME OF THE SOUTH TEXAS NATIONAL BANK OF HOUSTON



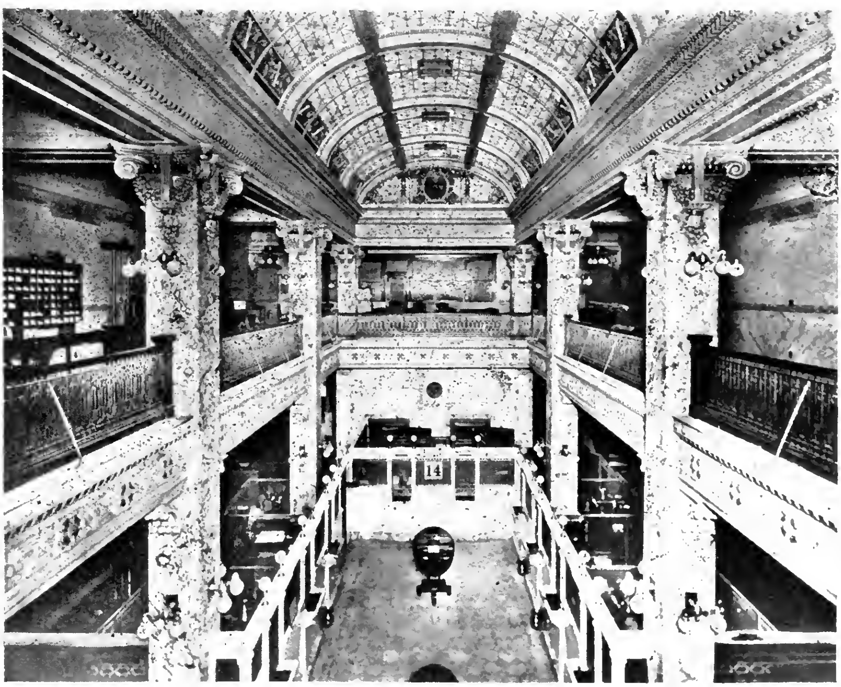
Opened to the Public April 4, 1910

QUIET, dignified and withal particularly striking in appearance, the new home of the South Texas National Bank of Houston constitutes a notable addition to the beautiful bank buildings of the South. It was designed by C. D. Hill & Co. of Dallas, Texas, and was completed about five months ago.

The style of architecture introduced is a composite combination of the Grecian Corinthian, admirably brought out in the general design. A wide portico, supported by four massive marble columns, extends for almost the entire front of the building facing Main street. This front is over forty-five feet and the structure has a depth of 125 feet, with a twelve-foot court in the rear.

Above a polished Vermont granite base about three feet high, the entire front, including cornice, column caps and all ornaments, is of the finest grade of gray-white Georgia marble. The columns supporting the main pediment are of solid marble, twenty-eight inches in diameter at the base and about twenty-two feet long, exclusive of base and caps. Probably the most expensive feature of the front in proportion is the main spandrel in the front gable, after the old classic design, the cornucopia,

A View of the Main Lobby



Looking Down from the Mezzanine Floor

THE SOUTH TEXAS NATIONAL BANK OF HOUSTON

representing the horn of plenty. This is carved from solid marble.

Interior Arrangements.

The main entrance to the public space is through two sets of heavy bronze-plated mahogany doors. The outer mahogany door may be slid back into pockets on either side, allowing the inner glass doors to be used for general purposes during the day.

On entering the building to the right of

CHAS. DILLINGHAM
President

the main entrance occurs the main marble stairs leading from a corresponding outside entrance directly to the second floor. The stair entrance is provided with a door leading from the banking room also.

To the left of the main entrance occurs a flight of ganite stairs protected with a bronze railing leading to the basement.

Entering the main public space or lobby, one is surrounded on either side with offices and cages, the cages numbering nine in all.

Beginning on the left, a very attractive and convenient ladies' waiting room has been provided, equipped with handsome furniture, telephone booths and conveniences for special use by the lady patrons of the bank. The furnishings here are rich, classic in design. The upholsterings and hangings are of gray green silk rep, while the furniture is of imported mahogany and beautifully carved.

Next on the left occurs private consultation room, open offices, counters, cages, bookkeepers' counters. Opposite the safe deposit vaults coupon booths have been arranged.

The Vaults.

The new fire and burglar-proof vaults which have been installed were designed by the expert engineer of the Herring-Hall-Marvin Safe Company at Hamilton, Ohio, and under the supervision of the architects of the general building. The vaults embody many new features, and they are conveniently situated, beautifully decorated and designed.

The four vaults on the banking room floor measure twenty feet square and weigh approximately 300,000 pounds. The safe deposit or public vault is over sixteen feet long and six feet wide and more than one inch thick of drill-proof plates. It is fitted with 600 strong small boxes for the use of the customers of the bank. In the rear of the vault a compartment or storage room is set apart and enclosed by a nickel-plated partition, back of which valuable and more bulky articles are kept secure for the depositor. The compartments and storage room of this vault are devoted to the exclusive use of the bank's patrons.

There will be a custodian in constant charge at all times during banking hours to receive visitors to this department. This vault is made secure by two sets of doors (outer and inner). The inside doors are heavy and drill proof, as are also the massive yet beautiful outside doors and vault proper.

The money and securities vault of the bank has received greater attention from a standpoint of security than is usual for the work of this character. The outside door to this vault is ten inches thick. There are placed in addition heavy inside doors. There is altogether a separate vault placed on the inside, the walls of which are nearly two inches thick.

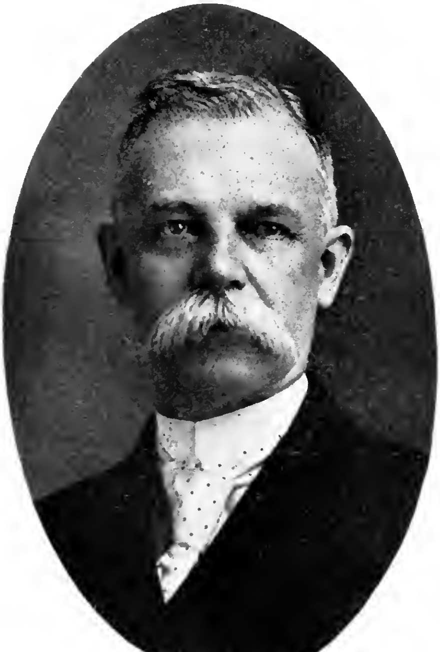
Entrance to this vault is prevented by a door fully six and one-half inches thick of solid drill-proof material. On the interior of this vault the cash and securities of the bank are kept. This safe is large and commodious and weighs 20,000 pounds. Into chests inside this safe the cash is placed each day after banking hours.

To give an idea of this security it may be said that each of the four compartments have to be entered each day to reach the cash and securities for the day's business, and to place this vault at the command of the officers and clerks it will be necessary to operate twenty combination locks in this vault alone. This vault is also fitted with numerous storage chests for silver.

Besides the vaults already described

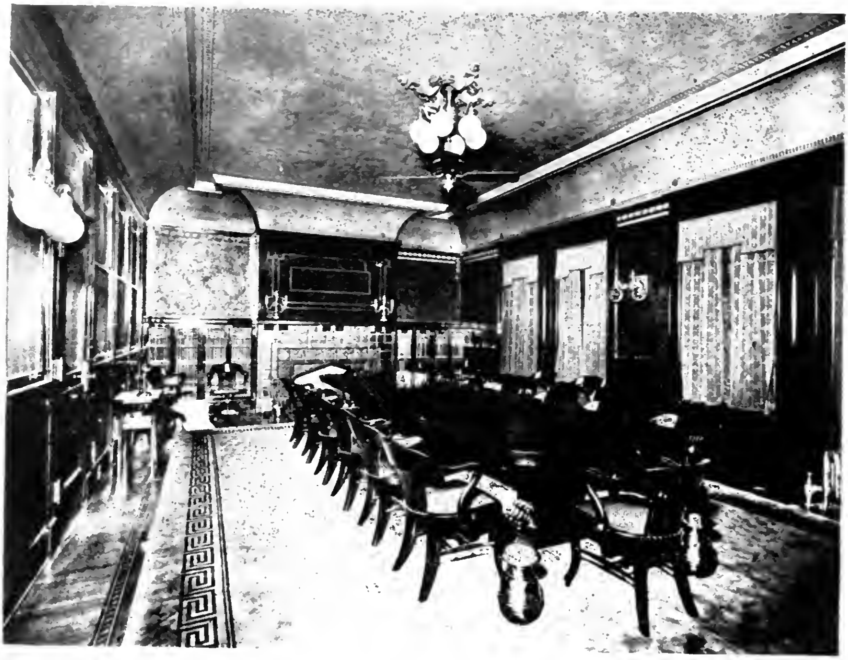
J. E. McASHAN
(Active) Vice-President

B. D. HARRIS
Cashier



C. A. McKINNEY
Assistant Cashier

C. F. SCHULTZ
Assistant Cashier



Director's Meeting Room

A Cozy Resting Place on the Mezzanine Floor

THE SOUTH TEXAS NATIONAL BANK OF HOUSTON

there are others for books and storage, and they, too, have been made absolutely fireproof.

Further back on the left is the private office of the active vice-president. To the right the private offices of the cashier and assistant cashiers occur, with private telephone booths and toilets. Back of these offices are cages, and still further back a large working department of the bank is located. From this space a rear stair leads to the basement and second floor.

The entire interior of the banking room is open to the arched roof in the center, extending almost the entire length of the building. It is about forty-five feet above the floor level and arranged in two stories around the four sides.

In the rear spandrel of the vaulted ceiling a beautiful art glass panel has been provided with a splendid likeness worked in art glass of General Sam Houston, the liberator of Texas and first president of the new Republic. In the spandrel at the other end of the vaulted ceiling the State seal is represented.

The main ceiling is supported by ten highly polished Scagliola columns, which match perfectly the Breche Fleuri trimming marble used on the first floor. These columns also support the gallery floor. A rich solid bronze railing surrounds the well hole at the balcony floor, the design of which is in keeping with the bronze grille work of the bank fixtures. The whole interior is decorated and enriched in soft coloring and gold leaf.

All of the minor details, such as lighting, fixtures, teller cages, furniture and mantels, were especially designed to harmonize throughout with the style introduced.

All of the banking room, including all fixtures, cages and all of the necessary equipment, is as nearly perfect and up to date as modern designers and mechanics are able to produce. All of the woodwork in connection with the private offices, interior finish throughout and wainscoting, is of imported inlaid mahogany, highly polished.

On the second floor, in the front, offices have been provided for the attorneys of the bank, neatly finished and decorated.

The directors' room is located in the rear on the second floor, facing the court. This room is finished in San Domingo mahogany, inlaid in simple design. The large Rookwood tile mantel, the handsome paneling over the same, adjoining book cases, elaborate electric fixtures, special decoratings and hangings, make the room very attractive. The directors' table is of unusual size, being four and one-half feet wide and sixteen feet long, of solid mahogany.

Growth and Organization.

The South Texas National Bank opened for business July 14, 1890, with a paidup capital of $500,000, at that time the largest capitalization of any bank in Houston or the State of Texas. It has paid consecutive semi-annual dividends on this capital from the beginning, returning to its stockholders more than a million dollars in net earnings.

The management of the bank has at all times been conservative in its position, and strong under all the varying conditions of business, in consequence of which it has always been in a position to extend dependable and satisfactory banking service to the public and has correspondingly been a valuable factor in the upbuilding and development of the commercial business of this city and the State.

The business of the bank has always been confined to commercial banking in a strict sense, and in serving those interests it has been recognized as an institution conducted along legitimate lines for the service of the general public, not promoting any special interests. Its deposits have been acquired by natural growth and not through the consolidation or absorption of any other institution, and are at this time in excess of $4,000,000. With an earned surplus of $350,000, the bank has at the present time a working capital of $850,000.

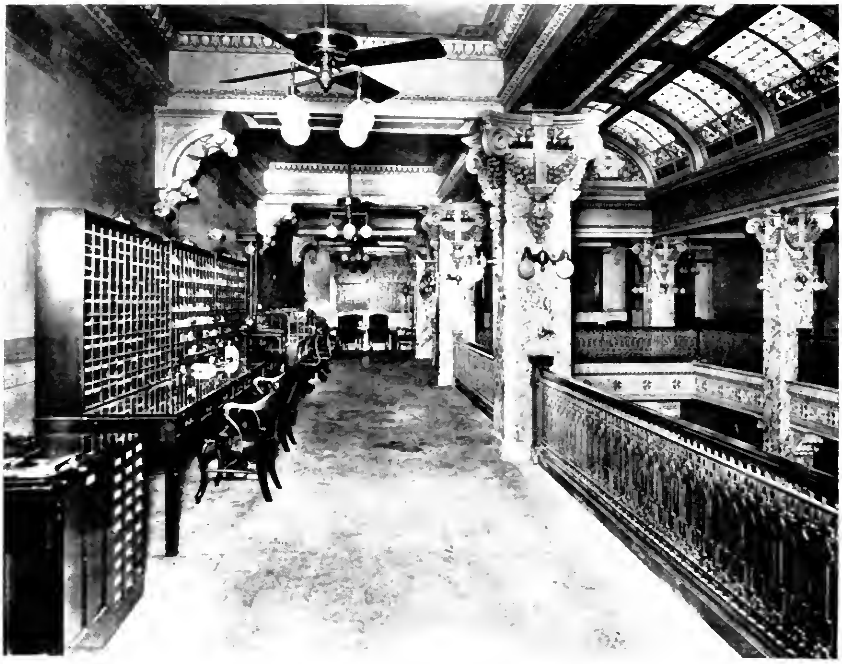
Personnel.

Chas. Dillingham, president of the bank, came to Texas in 1885 from New Orleans, and has been connected with the bank since its organization. He has served on the board of directors of numerous business corporations and other organizations in this city, and was also receiver of the H. & T. C. and other railways, and the Houston Oil Company of Texas.

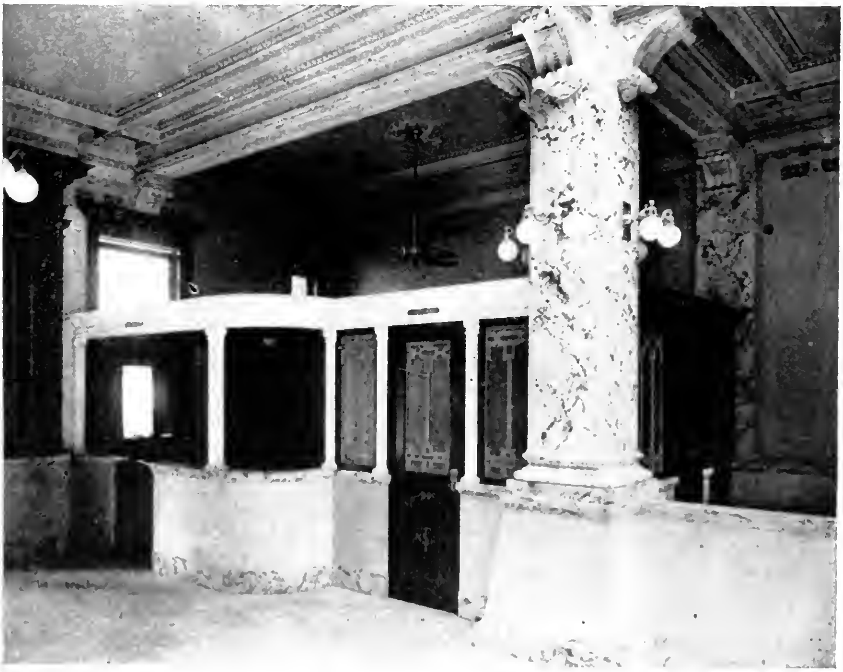
H. Brashear, vice-president, has lived in Houston about seventy-one years, perhaps longer than any other citizen. He is a retired capitalist and a large owner of real estate.

O. T. Holt, vice-president, has been an attorney in active practice in Houston for over thirty years. He was for many years national committeeman from Texas and has served as mayor of Houston.

J. E. McAshan, active vice-president, began his banking career in Houston in 1872. He engaged in the organization of the South Texas National Bank, and with him of its present officers were associated Messrs. Dillingham, Brashear, Holt and Schultz. Mr. McAshan was the first cashier of the bank and filled that office from 1890 to 1908; during those years he was the managing officer of the bank. He has acted as president of the Texas Bankers' Association, and in time of service is believed to be the dean of Texas bankers. Mr. McAshan is also president of the Merchants & Planters Oil Company of Houston, and vice-president of the board of trustees of the Wm. M. Rice



Mailing and Transit Department on the Mezzanine Floor



Ladies' Department Rest Room

THE SOUTH TEXAS NATIONAL BANK OF HOUSTON

Fulton Savings Bank of Fulton, New York

Institute for the Advancement of Literature, Science and Art, an educational institution established with an endowment of several millions of dollars by the will of the late William Marsh Rice.

B. D. Harris, the present cashier of the bank, began his banking career in 1887 with the American National Bank of Dallas, now the American Exchange National Bank of Dallas and was subsequently cashier of the City National Bank of Dallas and the Commercial National Bank of Houston, coming from the latter institution to the South Texas National as cashier in the spring of 1908.

C. F. Schultz, assistant cashier, has been connected with the bank since organization, and C. A. McKinney, assistant cashier, since 1895, during which time they have had extensive experience in all departments and have been in close touch with local conditions.

FULTON SAVINGS BANK OF FULTON, NEW YORK

THE design which has been accepted for the new home of the Fulton Savings Bank of Fulton, N. Y., promises something unusual in bank architecture.

While it is designed primarily as an individual bank building, and will have the general appearance of one, an office floor has been provided. The exterior of the building will be of brick, with wide raked out joints and laid up in rustications to the underside of a richly designed entablature.

Pylons on either side of the entrance terminate a handsome cornice, from which springs a rather flat pediment. The entablature with its frieze of triglyphs and discs and its cornice with modillions, returns on either side and at the rear the treatment of the front is recalled. The whole is crowned with a handsome cheneau or cresting which, together with the roof, will be of metal; the latter is accented with ribs and small ventilating dormers.

A spacious vestibule gives easy access to both stairs leading to the offices above, and to the banking room. On entering the latter one will be at once charmed with the general quiet and restful tones which greet the eye; the predominating color being a soft greyish green. This together with the counter screen, which is to be quartered oak with a base of verdi-antique marble, will form a combination of color, perfect in harmony.

The floor of the public space is of marble terrazzo with a mosaic border.

The counter screen is so planned as to be of the greatest possible convenience to customers, and at the same time to those whose duties require their presence behind the screen.

The treasurer's office, while being more or less secluded, is in such a position as to give access at all times to both the public space and the working space.

The president's private office is also on this floor.

Special care has been given to the vault equipment, which is the most modern that can be bought. The walls are constructed of concrete with five ply laminated steel bars embedded in same, and the door to the vault is an innovation in itself, being different from anything of the kind in this part of the State.

The directors' room is placed on the office floor, and will be a pleasant room in which to transact business.

The balance of the second story is given up to attorneys' offices, and a library with a fire-proof vault—for the storage of important documents.

The building, which is being designed, built and equipped under the single contract of Hoggson Brothers of New York, promises to be an ornament to the town of Fulton, N. Y., and to reflect great credit on both the building committee, the designers and the builders. Cross & Cross of New York city are the architects.

GERMLESS PAPER MONEY

THE officials of a bank at Spokane have hit upon a plan for keeping paper money free from germs. They are mixing carbolic acid with the ink they use in signing new bills. They make the positive assertion that no germ wil remain on a bank note that carries with it the pervasive and persuasive odor of carbolic acid.

The bacteriologists are yet to be heard from as to the efficacy of the Spokane method. Waiving the question as to whether it will do all its discoverers claim for it, there arises the greater question as to whether the public will take kindly to acid-flavored currency. There is reason to believe that most people would prefer to take their chances with the germs.

It was announced some time ago that the United States Treasury Department had discovered a method of washing paper money, and thus relieving it of accumulated dirt and germs. The laundering process, however, would not solve the problem. Obviously, much of the money in circulation is in such a dilapidated condition that the government laundry could not handle it. Then, bills once washed would quickly accumulate a new stock of germs.—*Louisville Courier-Journal.*

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—A fine showing is made by the Nassau Bank in its statement of condition as of September 1. The report shows loans and discounts amounting to $6,937,429; surplus and profits, $538,210; deposits, $9,078,297, and total resources, $10,138,512.

—Between June 30 and August 31 the deposits of the Bankers' Trust Company increased from $68,408,353.46 to $72,142,-504.90.

—The Guaranty Trust Company has decided to retire the 2,437 shares of Fifth Avenue Trust Company stock which it acquired last January, when the merger of the Fifth Avenue and the Morton Trust Companies with the Guaranty was effected. Of the Fifth Avenue's capital of $1,000,000, the 2,437 shares referred to were owned by the Morton Trust. The arrangements under which the merger was carried out provided for the issuance of $1,500,000 of Guaranty stock in exchange for the $2,000,-000 capital of the Morton and $500,000 of Guaranty stock for the $1,000,000 capital of the Fifth Avenue. The capital of the Guaranty was increased to $5,000,000; in canceling the Fifth Avenue stock the Guaranty will issue 1,218½ shares of its own stock. The latter is now offered to Guaranty shareholders at $800 per share. At the close of business August 31 the Guaranty reported deposits of $127,684,066.

—P. R. G. Sjostrom has taken charge as president of the Hungarian-American Bank of New York. Mr. Sjostrom is treasurer of the United States Worsted Company, a six million dollar corporation, and identified with seven other important textile corporations. The change in the presidency of the bank is due to the withdrawal of W. E. Holloway, who accepted the vice-presidency of the Northern Bank of New York. The new management of the bank intends in the near future to increase the institution's capital to $1,000,000. Eugene Boross, the founder of the bank, remains the active vice-president of the institution under the new arrangement.

—The National Bank of Commerce reports surplus and undivided profits of $16,-497,376, deposits of $169,716,698, and total resources of $224,183,574.

—In our June issue mention was made of the third anniversary statement of the Fidelity Trust Company. According to its latest statement, this progressive institution is more than holding its own. Deposits are now about $7,000,000, and there are total resources of over $8,500,000. The company

has recently been designated as a depository for the general funds of the State of New York.

—The Century Bank has opened a new branch at Third avenue and Forty-seventh street, which is in charge of Arthur T. Strong as manager. This is the second branch to be operated by this progressive institution, the uptown branch being at Broadway and 104th street. The main office is at Fifth avenue and Twentieth street. An inspection of the new branch has shown it to be fully equipped for the handling of all commercial business. The officers are: H. L. Crawford, president; Henry Dimse and Arthur H. Dayton, vice-presidents; C. Stanley Mitchell, cashier, and William D. Pike, assistant cashier.

—Comparison of the June 30 and September 1st statements of the Market and Fulton National Bank discloses a gain in every item. Deposits have climbed from $10,123,951 to $10,486,125.

—From the last day of June to the first day of September the deposits of the Merchants National Bank were increased by $1,020,855.

—For the accommodation of the patrons of its branch at Broadway and Forty-fifth street, the Greenwich Bank of this city has extended the banking hours of that branch, and it will hereafter remain open until midnight of each business day. This is done to meet the requirements of those whose business extends into a late hour of the night, the numerous hotels and theaters which are located in the neighborhood being especially benefited through the movement. The new policy will also give an opportunity for the purchase of foreign drafts on all parts of the world and drafts for use in all parts of the country, after the post office and express companies are closed for the day. The Greenwich Bank is one of the oldest banking institutions in the city. It was established in 1830, and has its headquarters in old Greenwich Village, at 402 Hudson street. Under the new call of August 31 it reported combined capital and surplus of $1,332,919 ($500,000 representing capital), deposits of $9,719,944, and total resources of $11,209,542.

—The Coal and Iron National Bank reports total resources of $8,738,893, loans and discounts of $4,799,017, and deposits of $6,932,130. These figures represent substantial gains over those reported June 30.

—In comparison with its previous statement, the Hanover National Bank makes a splendid showing. It reports loans and discounts of $61,084,239, a surplus fund of $11,500,000, and deposits of $105,082,182. Two months ago the total deposits were reported to be $102,893,863.

—The Madison Trust Company, Fifth avenue and Sixtieth street, is the new name of the institution known heretofore as the Van Norden Trust Company. The stock control is entirely new, and the policy of the new management will be to maintain a representative, conservative and independent uptown trust company. The capital of the Madison Trust Company is $1,000,000, and the total resources exceed $8,000,000. The officers are: Watkins Crockett, president; Bradley Martin, Jr., vice-president and treasurer; William W. Robinson, secretary; Charles A. Fisher, assistant sec-

DIAMOND NATIONAL BANK
PITTSBURGH

Diamond National Bank

DIAMOND NATIONAL BANK
PITTSBURGH

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE
President

D. C. WILLS
Cashier

W. O. PHILLIPS
Assistant Cashier

Bankers
should seek
STRENGTH
when selecting
a Reserve Agent
or
Correspondent

DIRECTORS

W. B. RODGERS
Attorney-at-Law

J. P. McKINNEY
Treasurer
McKinney Mfg. Co.

A. G. BARNETT
Retired Iron Manuf'r

J. D. CALLERY
President
Pittsburgh Railwys Co.

JOHN W. ROBINSON
Capitalist

D. C. WILLS
Cashier

A. M. STEWART
Jas. Stewart & Co.
Building Contractors

A. C. WETTENGEL
Investment Broker

S. A. PICKERING
Merchant

W. G. ROCK
Secretary Thompson-Connellsville Coke Co.

E. E. SLICK
Chief Mec. Engr.,
Carnegie Steel Co.

WILLIAM PRICE
President

Capital - - - - - $600,000.00

Surplus and Undivided Profits, $1,674,553.31

STATEMENT AT CLOSE OF BUSINESS SEPT. 1, 1910

RESOURCES

Loans and Investments		$4,395,999.80
Overdrafts		263.20
United States Bonds		305,093.75
Banking House		1,025,407.51
Interest Earned		14,291.88
Due from Res. Agts.	$876,112.50	
Due from banks	571,512.91	
Due from U.S.Treas.	55,000.00	
Cash in Vault	569,400.64	2,072,026.05
		$7,813,082.19

LIABILITIES.

Capital Stock	$600,000.00
Surplus and Undivided Profits	1,674,553.31
Reserved for Int. and Taxes.	13,808.56
Circulation	298,500.00
DEPOSITS	5,226,220.32
	$7,813,082.19

DIAMOND NATIONAL BANK
PITTSBURGH

Accounts of Banks, Bankers, Corporations, Firms and Individuals cordially invited——Write

DIAMOND NATIONAL BANK
PITTSBURGH

retary and assistant treasurer; George H. Bartholomew, trust officer.

—L. F. Vosburgh, the man who plans the special bankers' convention trains, has been appointed general passenger agent of the New York Central, West Shore and Boston & Albany Railroads. This will prove welcome news to his many friends, though it will in no way surprise those who have followed his career and know his ability.

L. F. VOSBURGH
General Passenger Agent New York Central Lines

Mr. Vosburgh entered railroad service in 1893 as assistant night ticket clerk of the Lake Shore & Michigan Southern Railway (one of the New York Central Lines). After serving in that capacity for two years he was promoted to the position of assistant ticket agent at the La Salle Street Station of the Lake Shore Road. His marked ability and amiable disposition peculiarly qualifying him for dealing with the public, led to his rapid advancement. In 1897 he was appointed city passenger agent of the Lake Shore & Michigan Southern and in 1903 further promoted to the position of general western passenger agent, in which position he had immediate jurisdiction of the very large volume of passenger business out of Chicago. In 1906 he was made general eastern passenger agent of the New York Central Lines in New York, and during his tenure of office made a very large acquaintance among New York's business men, numbering among his friends many prominent bankers, commercial, theatrical and hotel people. On February 1 of this year he was appointed assistant general passenger agent, from which position he has just been promoted. He is one of the most popular railroad officials in the country and in his new and wider field will undoubtedly attain continued success.

—The Liberty National has at the present time aggregate resources of $30,476,743 and deposits of $26,183,588. It has a surplus of $2,000,000 and capital of $1,000,000.

—Under the new regime inaugurated by its president, the American Exchange National Bank reports total deposits of $44,-498,859. The entire report if analyzed one statement at a time, will show that this institution is prospering. Loans and discounts have reached $26,782,390.

—A reorganization of the Brooklyn Bank of Brooklyn Borough has occurred. Charles B. Hobbs has been elected president to succeed Daniel Underhill resigned, and George A. Vaughan has been made an additional vice-president. Mr. Hobbs is a member

of the New York law firm of Gifford, Hobbs & Beard, and Mr. Vaughan is secretary and treasurer of the Island Cities Real Estate Co. The latter organization, according to the Brooklyn "Eagle," was organized in 1909 to take over the collateral of the Gow estate, and is now in absolute control of the bank. The following are reported to have retired from the bank's directorate to make way for the new interests: Otto Wissner, who is said to retain his stock holdings in the bank; Frank H. Tyler, John F. Gavin, Jeremiah G. Tuthill and Ludwig Nissen.

—Frederic W. Allen has been chosen a vice-president of the Mechanics & Metals National Bank to succeed Charles H. Sabin, who resigned recently to become vice-president of the Guaranty Trust Company. Mr. Allen, who is, or has been, secretary of the Simmons Hardware Company of St. Louis, will come to New York about the first of November. He will become associated with a bank that is enjoying prosperity to the highest degree. On September 1, the Mechanics & Metals National reported deposits of $64,714,321. The surplus fund is now $6,000,000.

—At the close of business September 1 the Garfield National reported deposits of $9,224,820, a surplus of $1,000,000 and total resources of $11,820,474.

—Joseph B. Reichmann, who accepted the presidency of the Carnegie Trust Company last December, has resigned and will be succeeded by Joseph T. Howell, president of the Fourth National Bank of Nashville, Tennessee. Mr. Reichmann, who is a merchant and manufacturer, accepted the presidency last year with the understanding that his resignation be accepted when a conservative man had been found. He will, however, retain his place on the board of directors and upon the executive committee of the Carnegie Trust Company. Mr. Howell has been connected with the Fourth National Bank of Nashville for thirty years. He began as a "runner" for the bank and rose to the presidency through all of the intervening posts. Under his guidance it became one of the very prominent banks of Nashville. He will be at his desk in New York by October 15.

—Wm. E. Colt, Jr., Douglas R. Hawthorne and Lorenzo M. Picatia, native New Yorkers, have formed a partnership under the firm name of Colt, Hartshorne & Picatia, for the purpose of engaging in the bond brokerage business at No. 64 Wall street. Mr. Colt was for twelve years with Charles Head and Company and for ten years with Spencer Trask and Company, part of the time as cashier. Mr. Hartshorne spent five years with the firm of Hartshorne, Bogert & Battelle as cashier, manager and bond man. Mr. Picatia has had seven years' experience with Fisk and Robinson, as a practical bond man and assistant cashier.

—At a recent meeting of the directors of the Mercantile Trust Company, Harold B. Thorne, former treasurer of the company,

was elected vice-president. George W. Benton, former assistant treasurer, now succeeds Mr. Thorne as treasurer and Harry N. Dunham becomes the assistant treasurer.

—At a special meeting of the board of directors of the Hungarian-American Bank, 32 Broadway, held September 23, the following gentlemen prominent in financial circles of New York City were unanimously elected directors:

Samuel S. Koenig, secretary New York State; Charles M. Chester, treasurer Manning, Maxwell & Moore; Arnold Somlyo, manger Baldwin Piano Works; Benjamin Guggenheim, capitalist; Lloyd G. McCrum, of McCrum & Howell, manufacturers of vacuum cleaners and boilers.

Alexander Cseri, formerly one of the managers of the Central Credit Bank, of Budapest, arrived here on Wednesday on the Prince Friedrich der Grosse, and has been elected assistant cashier of the bank.

The Hungarian-American bank was established four years ago, and is controlled at the present time by two of the leading financial institutions of Europe, one of which controls about 680 savings banks, and which together have a capital and surplus of $35,-000,000 and deposits of about $300,000,000.

The bank is shortly to increase its capital and in many other ways continue to strengthen its place among the city's financial institutions.

—At a meeting of the board of directors of the United States Mortgage and Trust Company held September 23, Frank J. Parsons, heretofore secretary, was elected vice-president, and Alexander Phillips, submanager of the London Branch of Societe General de Credit Industrial et Commercial, Paris, was elected secretary. Mr. Phillips will have charge of the foreign exchange department.

—Exceptionally good is the September 1 statement of the Importers and Traders National Bank. This solid old institution, has apparently not minded the demands of its western correspondents for crop-moving funds. It reports $25,769,384 of deposits and $25,229,100 of loans and discounts. The present surplus is $6,000,000, and the resources will total $34,933,600.

NEW ENGLAND STATES

—The annual outing and dinner of the National Bank Cashiers' Association of Massachusetts was held at Fitchburg, Mass., Friday, September 9. It was also Ladies' Day. Headquarters were established at the G. A. R. Hall, 131 Main street, Fitchburg Safe Deposit and Trust Company building. The program included a trolley ride at 11.15 a. m. to Lake Wachusett, at the foot of the mountain, with dinner at Whalom Inn at 1 p. m. There was a good attendance of members and friends. Caleb L. Brigham, cashier of the Hudson National of Hudson, Mass., is president of the association.

—Herbert Wellington, a well-known New York banker, has been elected a director and active vice-president of the International Trust Company of Boston, and has entered upon his new duties. For the past year Mr. Wellington has been treasurer of the Franklin Trust Company of Brook-

lyn, N. Y. For twenty years previous to that time he was connected with the Farmers Loan & Trust Company of New York.

—The Chittenden County Trust Company of Burlington, Vt., has since its inception had the most rapid growth of any bank ever organized in the State. Opened for business late in 1906, its deposits now total over $900,000 and it has an earned surplus of $12,000, with capital of $50,000. It has its own bank building, an attractive structure well equipped for carrying on its growing business. Its officers are: E. J. Booth, president; J. J. Flynn, vice-president; E. D. Worthen, treasurer; Harrie V. Hall, assistant treasurer. President Booth is manager of the big Booth Lumber Company, of Burlington, and Mr. Worthen, the efficient treasurer, was formerly treasurer of the Franklin County Savings Bank and Trust Company of St. Albans.

—The Keene National Bank of Keene, N. H., occupies a conspicuous position among the banks of the Granite State. Organized as a State bank in 1855, it has now reached a point where it has a surplus of $185,000 against its $200,000 capital, and deposits of over $1,000,000. Dividends of ten per cent. have been paid regularly and last year eleven per cent. was declared. The bank has a savings department and its accounts number 6,000. The president of the Keene National is G. A. Litchfield, president of the Spencer Hardware Company. The cashier is W. L. Mason, who has been with the bank twenty-seven years and cashier for fifteen years. The other directors are H. A. Woodward, C. J. Woodward, J. E. Allen and Elisha F. Lane.

EASTERN STATES

—John D. Brown has been elected to succeed his father, the late Major A. M. Brown, as president of the Anchor Savings Bank of Pittsburgh. The new president has heretofore officiated as vice-president, in which post he is replaced by R. J. Stoney, Jr.

—The Mellon National Bank of Pittsburgh reports loans and discounts of $24,623,521, a surplus of $3,100,000 and total resources of $46,427,345. Deposits have reached the high figure of $36,158,971.

—For September 1 the First National Bank of Pittsburgh reports $12,825,521 of loans and discounts, $2,184,780 of surplus and profits, and $22,430,250 of deposits.

—Again does the Peoples' National Bank of Pittsburgh come forward with a remarkable statement of condition. Capitalized for a million dollars, it maintains a like amount of surplus, carries loans and investments of $11,697,699, and has at the present time deposits of $12,899,935.

—A thoroughly creditable statement comes from the Second National Bank of Pittsburgh. Strength and solidity are shown in every item. The liabilities are distributed as follows: Capital, $1,800,000; surplus,

$2,000,000; undivided profits, $206,670; circulation, $895,100; deposits, $12,981,640.

—That solid institution, the Bank of Pittsburgh, N. A., reports prosperity and offers in evidence a statement of condition, made September 1. On that date the bank's deposits totaled $17,272,114 and its surplus and undivided profits fund amounted to $3,065,478.

—The proposition to increase the capital of the Central National Bank of Philadelphia from $750,000 to $1,000,000 has been unanimously approved by the stockholders. The new issue is offered pro rata to the present shareholders at $100 per share, the privilege to subscribe expiring October 4.

—This call the oldest bank in the United States, the Bank of North America, N. A., of Philadelphia, reports deposits of $13,713,887, surplus and undivided profits of $2,599,213 and loans and discounts of $12,262,300. There has been a slight reduction in deposits, due to the demands of the western banks for crop-moving funds. As a whole, this latest statement is an excellent one.

—In our June issue reference was made to the ten-year record of the Franklin National Bank of Philadelphia. In a statement published September 1, it is shown that this institution has total resources of $35,692,715, surplus and profits of $2,711,419, and deposits of $31,439,096. These figures indicate continued strength and prosperity.

—A special meeting of the Republican Trust Company of Philadelphia will be held on Nov. 15, to consider increasing its capital from $200,000 to $300,000 by the issuance of 2,000 shares at par value of $50 a share.

—The report of the Second National Bank of Cooperstown, N. Y., places the capital at $150,000, the surplus at $160,000, the deposits at $1,428,498 and the loans and discounts at $359,988. There was, on September 1, a lawful money reserve of $121,055 in the bank.

—Between calls deposits of the Corn Exchange National Bank of Philadelphia have gone from $19,103,221 to $20,505,543. According to the bank's statement for September 1, loans have been expanded until they now represent $15,610,531 of the resources.

—The Fourth Street National Bank of Philadelphia, always conservative, reports loans and discounts of $36,368,884, surplus and net profits of $6,387,499, deposits of $49,547,212, and total resources of $61,890,412.

—A number of prominent New Yorkers are interested in a new bank at Madison, N. J., to be known as the Madison Trust Company. A charter has been granted. The bank has a capital stock of $100,000, and starts with a surplus of $100,000. The officers are to be: President, Edgar H. Towar; vice-president, James H. McGraw; secretary and treasurer, Theodore B. Morris. Mr. Towar is a retired banker, Mr. McGraw is of the McGraw Publishing Company, and Mr. Morris is of the firm of Morris & Holden, bankers, of New York. Other incorporators are: Alfred G. Evans of Arnold, Constable & Company; John W. Skeele of the Lehigh Valley Coal Com-

pany; T. Towar Bates of Shoemaker, Bates & Company; Charles W. Harkness of the Standard Oil Company; Charles Scribner of Charles Scribner's Sons; Albert H. Wiggin of the Chase National Bank of New York; Major A. White, president of the City of New York Insurance Company; A. Filmore Hyde, a retired banker; J. J. C. Humbert and Henry Feuchtwanger, bankers; Peter H. B. Frelinghuysen and Edward P. Meany, lawyers.

—Organized sixty years ago, the Marine National Bank of Buffalo has achieved success to a marked degree. The original capitalization was $170,000; to-day it is $2,000,000. Profits on August 27, 1850, were $571—on August 15, 1910, they were $1,258,892. Deposits have jumped from $7,521 to over twenty-three million dollars.

—Interesting indeed is the official statement of the First National Bank of Philadelphia, the first it has made since taking over the Merchants' National Bank. Capitalized for $1,500,000, it reports surplus and undivided profits of $1,563,416 and deposits of $23,799,303.

—On September 1, the Girard National Bank of Philadelphia reported deposits of $36,251,702, and a surplus and net profits of $4,318,789. These figures represent substantial gains over the statement of June 30.

—M. F. Dirnberger, Jr., an attorney, has been elected a director of the Union Stock Yards Bank of Buffalo, N. Y. Mr. Dirnberger succeeds L. G. Burrus, who recently resigned. President John F. Kloepfer, of the Union Stock Yards Bank, says that the business of the institution is increasing rapidly since the bank changed its location a few weeks ago.

—The Bank of Buffalo (N. Y.) with a capital of $500,000, and a like amount of surplus, reports profits of $231,712 and deposits of $8,787,989. It is carrying $5,534,985 of loans at the present time. Elliott C. McDougal is president; Laurence D. Rumsey, vice-president; John L. Daniels, cashier and Ralph Croy assistant cashier.

—A splendid statement comes to us from the Lincoln National Bank of Rochester, N. Y. This institution, conservatively managed, reports a surplus of $1,000,000, undivided profits of $407,689, deposits of $11,383,813, and total resources of $14,633,503.

—The National Commercial Bank of Albany, N. Y., at the close of business September 1 makes the following gratifying report: Loans and discounts, $8,636,246.15; U. S. and other bonds, $4,170,923,55; cash and due from banks, $10,176,944.38; total resources, $23,234,114.08. The capital is $1,000,000, surplus and profits $1,710,117.63, while deposits aggregate $19,535,396.45.

—Established in 1891, the Commercial National Bank of Syracuse, N. Y., offers its depositors the security that lies back of a capital, surplus and undivided profits of $800,714. It reports deposits of $2,179,898.

—North and Company, bankers of Unadilla, N. Y., have advised their depositors that, beginning with January 1, 1911, they will invest less in notes and more in bonds—safety of principal being preferable to high interest income. At the close of business September 1, they were carrying $148,732 of loans and discounts. They also

reported a surplus of $21,000, a reserve of $30,000 and deposits of $464,666.

—September, 1910, marks the end of the seventh year the present officers of the Diamond National Bank have had that institution under their guidance and it is interesting and gratifying to note the remarkable record the bank has had during that period. A comparison of figures is appended:

	Sept., 1903.	Sept., 1910.
Loans & discounts	$2,797,215.67	$4,396,263.00
U. S. bonds	203,281.30	305,093.75
Banking house	176,641.23	1,025,407.51
Cash and due from banks	587,044.64	2,086,317.93
	3,764,182.84	7,813,082.19
Capital	500,000.00	600,000.00
Surplus and profits	1,294,815.99	1,674,553.31
Circulation	200,000.00	298,500.00
Deposits	1,769,366.85	5,240,028.88
	3,764,182.84	7,813,082.19

These figures speak for themselves and it will be remembered that the Diamond Savings Bank, organized at about the beginning of the period, has now over a million and a half in assets, the splendid Diamond Bank Building, admitted to occupy one of the best corners for commercial business in the city, was erected by the present administration and dividends of $788,000 were paid to shareholders in the seven years.

The bank is a strictly commercial one, having a well balanced business consisting of fifty per cent. local deposits and fifty per cent. bankers' balances.

William Price, the president, who occupies the same position with the Diamond Savings Bank, was vice-president previous to becoming the head of both banks. He is a native Pittsburgher of the self-made type and his success as a banker was presaged by his building up one of the best known retail mercantile establishments in Greater Pittsburgh.

D. C. Wills, the cashier, has spent his life in the banking business beginning in the Mechanics National Bank of Pittsburgh twenty-two years ago. He is well-known as an American Institute of Banking man, having been the first president of Pittsburgh Chapter. He has been active, too, in the Bankers' Association of Pennsylvania, being now chairman of Group VIII.

W. O. Phillips, assistant cashier, is one of the popular younger bankers of Pittsburgh. He has risen from the ranks in his own bank, being in his fourteenth year of service and combines with his ability as a bank official a pleasing personality and a wide acquaintanceship.

The black diamond with white letters is known all over the country as the trade-

Home of the Diamond National Bank of Pittsburgh

mark of this progressive bank and the aim of the officers and directors is that this "trade-mark" shall stand for both progressiveness and conservatism in banking.

The directors, which follow, give the bank the benefit of their diversified business experience and to their interest and close attention to the bank's affairs is largely due the present satisfactory condition. W. B. Rodgers, J. P. McKinney, A. G. Barnett, J. D. Callery, John W. Robinson, D. C. Wills, A. M. Stewart, A. C. Wettengel, S. A. Pickering, W. G. Rock, E. E. Slick and William Price.

—The National Exchange Bank of Baltimore, Md., reports at close of business September 1, 1910, loans and discounts, $3,907,538; due from banks, $781,182; cash and due from reserve agents, $1,136,385; capital stock, $1,000,000; surplus and undivided profits, $711,113; deposits, $4,536,862; total resources, $7,511,376. Officers: Waldo Newcomer, president; Summerfield Baldwin, vice-president; R. Vinton Lans-

dale, cashier, and Clinton G. Morgan, assistant cashier.

—The Albany Trust Company of Albany, N. Y., reports $6,499,980 of deposits and total resources of $7,223,728.

—Between the Comptroller's calls, the First National Bank of Hoboken, N. J., made gains in several of the items on its report of condition. Deposits are now $2,984,715, and the resources will total $4,046,513.

—Pittsburgh's banks are very prosperous just at this time, if bank statements can be depended upon to tell the story. Especially noteworthy is the September first statement from the Lincoln National Bank. It shows loans and discounts of $2,593,415, a capital of $500,000, a surplus of $700,000, undivided profits of $170,106, deposits of $4,315,920.

—An exceptionally strong, well-balanced statement comes from the First National Bank of Baltimore, Md. Against $4,503,947 of loans and discounts there are $6,387,757 of deposits; and against the $492,050 of lawful money reserve, there is a surplus fund of $450,000 and a capital of $1,000,000.

SOUTHERN STATES

—Upon the occasion of its fortieth anniversary, which has just been reached, the National Bank of Commerce of Norfolk, Va., issues a comparative statement to show its upbuilding during the four decades. From resources of $50,000 in 1870, the amount advanced to $224,367 in 1880, $404,152 in 1890, $1,412,626 in 1900, $2,565,133 in 1902, $5,956,297 in 1906 and $7,629,970 on June 30, 1910. The bank has a capital stock paid in of $1,000,000; surplus and undivided profits of $656,225 and deposits

(under the June call) of $4,701,310. Its officers are: Nathaniel Beaman, president; Tazewell Taylor, vice-president; Hugh M. Kerr, cashier, and M. C. Ferebee and R. S. Cohoon, assistant cashiers.

—The September, 1910, edition of The Bankers' Directory inadvertently listed the Jefferson County Savings Bank of Birmingham, Ala., with a capital of $20,000.

Jefferson County Savings Bank, Birmingham, Alabama

This bank has a paid-up capital stock of $200,000, and on September 1 reported deposits of $1,408,774. C. F. Enslen is chairman; E. F. Enslen, president; Charles E. Thomas, vice-president; William C. Sterrett, cashier, and W. D. Enslen, assistant cashier.

—On the first day of September the People's National Bank of Lynchburg, Va., reported deposits of $1,166,511, a surplus of $400,000—$100,000 more than the capital—and total assets of $2,400,000.

—Stockholders of the American National of Lynchburg, Va., have decided to increase the capital stock from $150,000 to $300,000.

—The First National Bank of Richmond, Va., reports September 1, 1910, loans and discounts, $6,792,645; cash and due from banks, $1,772,492; capital, $1,000,000; surplus fund, $1,000,000; undivided profits, $44,954; circulation, $956,180; total deposits, $5,975,295; total resources, $9,599,745. John B. Purcell is president; John M. Miller, Jr., vice-president and cashier; Frederick E. Nolting, vice-president; Charles R. Burnett, J. C. Joplin, W. P. Shelton and Alexander F. Ryland are the assistant cashiers.

—Organized in 1865 the Planters National Bank of Richmond, Va., has justly earned its right to be called a leading southern bank. It recently reported deposits of $4,764,942, surplus and profits of $1,264,353. This item contrasts favorably with the $300,000 of capital reported. Total resources on September 1 were $6,745,939.

—The American National Bank of Richmond, Va., rendered a very commendable statement at the last official call. It reports resources of $4,856,187, surplus and profits of $325,455, and deposits of $3,436,227. In the time that has elapsed since the June 30 statement was issued, the American National has brought its surplus and profits up to $325,455.

—The new Colonial Bank and Trust Company of Roanoke, Va., has elected the following directors: T. H. Cooper, J. C. Cassell, E. W. Mollohan, S. M. Smith, L. N. Buford, George F. Randolph, H. D. Guy, Hon. Daniel N. Morgan, ex-Treasurer of the United States; Hon. E. L. Long, Joseph M. Sanders, J. C. Strickland, J. S. Marstel-

ler, Lawrence S. Davis, R. H. Angell and Edw. W. Tinsley.

Officers: T. H. Cooper, president; J. C. Cassell, vice-president; E. W. Mollohan, vice-president; S. M. Smith, vice-president; E. W. Tinsley, treasurer; George N. Dickison, assistant treasurer; H. H. Dean, secretary; J. T. Davenport, assistant secretary.

—For September 1, the Greensboro (N. C.) Loan and Trust Company, capitalized for $200.000, reports deposits of $1,130,282. The directorate is an exceptionally strong one and business is good.

—The First National Bank of Birmingham, Ala., reports September 1, 1910, loans and discounts, $7,196,752; total cash, $2,921,-327; capital stock, $1,000,000; surplus and profits, $916,584; circulation, $983,800; total deposits, $8,726,909; total resources, $11,627,-293. W. P. C. Harding is president; J. H. Woodward and J. H. Barr, vice-presidents; Thomas Hopkins, cashier, and F. S. Foster and Thomas Bowron, assistant cashiers, and J. E. Ozburn, secretary savings department.

—By practising courtesy and conservatism the National Bank of Brunswick (Ga.) has built up a prosperous business. It is capitalized for $150,000, has surplus and profits of $130,247, a circulation of $148,560, and deposits of $596,135.

—One of the best statements ever published by the First National Bank of Shreveport, La., is this last one dated September first. The deposits are now $2,261,474, the surplus is $200,000 and the resources amount to $3,492,366.

—The Florida Trust Company has been organized in Jacksonville, Fla., with a capital of $600,000, for the purpose of doing an exclusive trust business. The concern is backed by substantial interests all over the State and in the Northeast and West, and its success appears to be assured from the start. The following officers have been chosen for the coming year:

President, Claude H. Barnes, of the Barnes, Jesup Company, Jacksonville; first vice-president, O. H. L. Wernicke, president Macey Company, Grand Rapids, Mich.; second vice-president, M. M. Smith, president People's Bank, Sanford; third vice-president, E. G. Phinney, president T. G. Phinney Lumber Company, Jacksonville; fourth vice-president, J. E. Stillman, president Pensacola Investment Company, Pensacola; secretary and trust officer, L. B. C. Delaney, Washington, D. C.

—The Continental Bank and Trust Company of Shreveport, La., "the only bank in Shreveport owning its own home," has published a record of remarkable growth. Beginning September 1, 1908, the deposits have grown from $544,970 to $801,841 last year, to $1,176,833 this year. L. E. Thomas is president; L. M. Howard, vice-president; J. C. Trichel, cashier, and J. D. Youngblood, assistant cashier.

Continental Bank and Trust Company Building, Shreveport, La.

—On September 1 the First National Bank of Meridian, Miss., rendered a very gratifying report of condition. The principal items were: Loans and discounts, $1,222,-067; cash in vault and elsewhere, $124,338;

capital stock, $260,000; surplus, $170,000; undivided profits, $27,556; deposits, $1,425,-128.

—John T. McCarthy, who has been engaged in the banking business in Texas for twenty-seven years, formerly cashier of the Mechants National Bank of Houston, Texas, and of the Texas Bank and Trust Company of Galveston, has determined to enter the

J. T. McCARTHY
Formerly Cashier Merchants' National Bank, Houston, Texas

investment field. Mr. McCarthy is peculiarly fitted for the business in which he is about to engage by reason of his long experience and training in the banking business, in which he established an enviable reputation as a man of good judgment and for a thorough mastery of details and credits. He will specialize in dividend paying stocks, adding to his list from time to time desirable and seasoned securities from other points. Special attention will be paid by Mr. McCarthy to the foreign exchange business. Mr. McCarthy's offices are located at 712 Chronicle Building, Houston, Texas.

—The First National of Houston reports as follows at the close of business, September 1: Loans and discounts, $4,798,426.91; U. S. and other bonds and securities, $1,100,-348; cash and due from banks, $2,476,595.58;

total resources, $9,060,370.49. The capital is $1,000,000; surplus and profits, $336,610.46; deposits, $6,421,938.03.

—The Citizens Bank of Louisiana, of New Orleans, which began business in 1836, is being reorganized under the name of the Citizens Bank and Trust Company.

—John L. Wortham of Dallas has been elected a vice-president of the Texas Trust Company of Dallas, Texas.

—The Commercial National Bank of Houston, Texas, reports as follows in its statement made at the close of business, September 1: Loans and discounts, $2,688,360; cash on hand and with other banks, $1,967,-867; surplus, $500,000; deposits, $3,855,161. This statement shows improvement over the preceding one.

—The resources, stability and rapid growth of the Memphis banks are reflected in the following figures:

The total resources of all the banks for June 30, 1910, were $45,308,867.28, as compared with $41,583,608.55 for June 30, 1909, denoting a net increase of $3,725,258.73.

The total loans were $27,278,835.89 on

June 30, 1910, as against the same previous year of $24,536,186.67, showing an increase of $2,742,199.22.

The aggregate deposits on June 30, 1910, amounted to $33,850,999.72, and on June 30, 1909, was $31,535,179.49, showing an increase of $2,135,820.23.

During this period the Memphis banks have invested, in the past twelve months, $503,764.81 in bank buildings and real estate. Two semi-annual dividends have been paid during the past twelve months, and in addition thereto certain banks have paid since January 1, 1910, a dividend of one per cent. per month, amounting to about $100,000.

—The Merchants and Planters National Bank of Sherman, Texas, a United States depositary, reports resources of $2,970,415, surplus and undivided profits of $201,634, and deposits of $1,628,280.

MIDDLE STATES

—Leading all the Chicago banks, according to deposits, the Continental and Commercial National Bank reports as follows:

Loans and discounts, $114,107,105; cash and due from banks, $61,311,662.

The capital stock of the institution is $20,000,000; surplus and undivided profits, $9,622,318; deposits, $160,005,204; total resources, $197,717,659. The statement of the condition of the Continental and Commercial Trust and Savings Bank, the capital stock of which is owned by stockholders of the Continental and Commercial National Bank of Chicago, at the commencement of business on September 2, was as follows: Time loans, $5,127,919; cash and due from banks, $4,443,561.

The capital of the institution is $3,000,000; surplus and undivided profits, $3,533,091; deposits, $14,959,686; total resources, $18,492,777.

—Improvements are shown in several important items of the Merchants' Loan and Trust Company of Chicago statement as of September 1, compared with the preceding statement, in response to the Comptroller's call. Loans and discounts, which at the time of the preceding statement were $31,921,727, in the latest statement were $32,037,425, an expansion of $115,697. Surplus and undivided profits, which at the commencement of business on July 1 last were $5,813,218, at the commencement of business on September 2 were $5,840,078, an increase of $26,860. Cash and due from banks in the latest statement were $21,346,680.

The capital stock of the Merchants' Loan and Trust Company is $3,000,000; deposits, $53,508,669; total resources, $62,451,392.

—The National Bank of the Republic of Chicago, in its latest statement as of September 1, again shows creditable gains in several important items, compared with the preceding statement. The total resources of the bank in its latest statement are $27,728,381, an increase of $918,620 since June.

Other items in the latest statement are as follows: Loans, $16,079,457; cash and exchange, $9,681,900; capital, $2,000,000; surplus and profits, $1,214,617; deposits, $21,757,263.

—William L. Moyer, who was formerly prominent in New York banking circles, has been elected a vice-president of the La Salle Street National Bank of Chicago, which began business last May. Mr. Moyer had been president of the National Shoe and Leather Bank of New York, which consolidated in 1906 with the Metropolitan Bank. On September 1 the La Salle Street National Bank reported deposits of $2,277,709. It has surplus and undivided profits of $257,586.

—Chicago's new Standard Trust and Savings Bank, organized by Charles S. Castle, who is its president, has begun business at 157 La Salle street. The new institution starts with $1,000,000 capital and $250,000 surplus. Mr. Castle resigned in June as acting cashier of the Continental National Bank of Chicago, to undertake the organization of the new banking venture. Prior to the arrangements a year ago, under which the interests of the Continental and the American Trust and Savings Bank became unified, he was cashier of the latter. In the management of the Standard Trust and Savings

Bank. Mr. Castle is associated with W. F. Van Buskirk as vice-president and J. M. Miles as cashier. Mr. Miles was elected to the cashiership recently, resigning as assistant bank examiner of the Chicago Clearing House Association to enter the new concern.

—Final details have been completed for the organization of a new State bank in Chicago, capitalized at $1,000,000, and known as the Cosmopolitan Bank of Chicago. The new bank has been organized out of the Cosmopolitan Bank of Chicago, a private institution which for a year has occupied quarters at 155 Washington st. It is capitalized for $1,000,000 and has a surplus of $250,000. There will be no immediate change of officers.

—The three big items in the September first statement of the Corn Exchange Bank of Chicago were: Loans, $40,435,863; deposits, $58,602,313; surplus, $4,000,000.

—It was on the seventeenth day of January, 1903, that the Granite City (Ill.) National Bank opened for business. At closing time this institution reported resources of $75,768.48. Each September the bank has rendered a special report and each report has shown a gratifying growth over the preceding one. The figures speak for themselves: Resources, in 1903, $270,610.70; in 1904, $357,192.11; in 1905, $462,448.84; in 1906, $469,193.65; in 1907, $577,242.65; in 1908, $556,936.43; in 1909, $607,480.05; in 1910, $876,143.63. The Granite City National recently reported deposits of $728,630.21. It has a surplus of $48,000. George W. Niedrueghaus is president; F. Kohl and C. F. Stelzel are the vice-presidents; D. J. Murphy is cashier and C. E. Ashley is the assistant cashier.

—Some idea of the steady growth enjoyed by the Union Trust Company of Chicago may be seen by an examination of the following facts: Growth of deposits, as reported January 1, for the past ten years: 1901, $4,882,686.43; 1902, $6,195,335.09; 1903, $7,275,685.17; 1904, 8,370,501.21; 1905, $10,307,516.96; 1906, $11,337,955.23; 1907, $12,707,693.09; 1908, $10,435,388.04; 1909, $12,888,565.90; 1910, $14,450,304.79. On September 1, 1910, they had gone up to $15,310,114.

—The sale of the assets of the Prairie National Bank of Chicago to the Western Trust and Savings Bank of Chicago, gives the latter an enlarged volume of deposits and a strength that is very gratifying.

The Prairie National Bank has a capital stock of $250,000. This will be purchased by an issue of $250,000 new stock by the Western Trust and Savings Bank. For those stockholders of the Prairie National Bank who desire stock, the exchange will be an even one.

The deposits of the Prairie National Bank were, at the date of the last national bank call, $1,905,106. The Western Trust and Savings Bank will, with the completion of the deal, have $1,250,000 capital and over $10,500,000 deposits, making a very strong institution.

Joseph E. Otis is president of the Western Trust and Savings Bank. The institution has recently shown a very marked growth, culminating in the taking over of the Prairie National Bank, as above. It was quite lately admitted to the Clearing House.

Harry R. Moore, vice-president of the Prairie National Bank, is expected to be cashier of the Western Trust and Savings Bank, to succeed W. C. Cook, who will be promoted to a vice-presidency.

—Hon. George E. Roberts will succeed A. Piatt Andrew, now Assistant Secretary of the Treasury, as Director of the Mint. Mr. Roberts was Director of the Mint for a number of years under the McKinley and Roosevelt administrations. In the McKinley-Bryan campaign he made many speeches on the money question.

A couple of years ago Mr. Roberts resigned to become president of the Commercial National Bank of Chicago.

—The Merchants National Bank of St. Paul reports as follows at the close of business of September 1: Loans and discounts, $6,926,387.28; U. S. and other bonds, $1,237,925; cash and due from banks, $3,025,117.49;

total resources, $11,379,429.77. The capital is $1,000,000; surplus and profits, $850,474.-66; deposits, $8,528,955.11.

—L. A. Goddard, president of the State Bank of Chicago, has been elected president of the Chicago Clearing-House Association. F. H. Rawson, president of the Union Trust Co., was elected vice-president.

—For September 1 the First National Bank of Chicago reports loans of $78,519,783 and deposits of $109,637,540. It is the second largest bank in the city.

—The Old Detroit National of Detroit, Mich., makes the following flattering statement at the close of business September 1: Loans and discounts, $11,409,599.33; U. S. and other bonds and securities, $2,352,717.50; cash and due from banks, $4,627,139.66; total resources, $18,457,011.47. The capital is $2,-000,000; surplus and profits, $898,776,04; deposits, $14,448,235.43.

—A commendable report comes from the Wisconsin National Bank of Milwaukee. This institution is capitalized for $2,000,000, has a surplus of $1,000,000 and deposits of $17,205,003.

—As usual, the Des Moines National Bank renders a satisfactory statement of condition. The principal items of this latest one are: Loans, $3,947,905; surplus, $65,000; undivided profits, $17,030; deposits, $4,447,727.

—The National Bank of Commerce, St. Louis, in its statement as of September 1, in response to the Comptroller, makes a highly creditable showing. Cash, due from banks and exchange, $19,715,927; loans and discounts, $47,350,979. The capital of the bank is $10,000,000; surplus and profits, $8,428,-868; deposits, $54,864,414; total resources, $82,485,354.

—The statement of the Mechanics-American National Bank of St. Louis, as of September 1, shows that the bank is in a good strong position to meet the demands which are made upon it by its interior correspondents at this season of the year. The individual, bank and government deposits aggregate $29,256,481, while the loans and discounts are but $17,954,230, and the cash with banks and in vault is $14,191,692. With capital of $2,000,000; surplus and profits, $2,944,919, and total resources of $36,194,800, the bank is ready to furnish every proper

banking facility to those who are contemplating opening a new account in St. Louis. The officers are: Walter Hill, president; Jackson Johnson, L. A. Battaile and Ephron Catlin, vice-presidents; J. S. Calfee, cashier; G. M. Trumbo, C. L. Allen, P. H. Miller and C. L. Boye, assistant cashiers.

—Not a dollar of overdrafts is to be found in the September first statement of the Mercantile Trust Company of St. Louis. Deposits of $5,747,623 are reported. The total resources are $8,417,926.

—We have received a September first statement from the National Bank of Commerce, Kansas Cty, Mo. It shows, as plainly as figures can, that this institution is in a very prosperous condition. It is carrying loans of $11,543,785, has surplus and undivided profits of $559,226 and deposits of $19,272,621.

—For September 1 the National Stock Yards National Bank of National Stock Yards, Ill., reports as follows: Loans and discounts, $3,042,104; capital, $350,000; surplus, $150,000; undivided profits, $66,857; deposits, $3,428,001.

—Deposits of the First National Bank of Fort Wayne, Ind., were $3,623,403 on September 1. On that date it also reported a surplus of $200,000 and loans of $2,805,457.

—The First National Bank of Louisville, Ky., has a creditable showing to make in its report as of September 1. Loans and discounts amount to $1,808,425; cash and due from other banks, $590,435; capital, $500,000; surplus and undivided profits, $239,555; deposits, $2,176,412, and total resources, $3,939,318.

—To the end that the business of the American National Bank and the business of the Fletcher National Bank be consolidated, the Fletcher American National Bank of Indianapolis has been organized with a capital of $2,000,000 and a surplus of $1,000,000. The consolidation became effective at the close of business September 3, 1910. The officers of the new bank include all those of the old bank, as follows: John Perrin, chairman of the board; Stoughton A, Fletcher, president; Evans Woollen, vice-president and counsel; William A. Hughes. vice-president; Charles Latham, vice-president; Harry A. Schlotzhauer,

THE BANKER IN LITERATURE

By JOHNSON BRIGHAM

Librarian Iowa State Library

THIS work appears in three parts, namely: I. Historical Side Lights; II. Bankers as Creators of Literature; III. Notable Bankers in Fiction. In Part II. appear biographical sketches of the following banker-authors: William Roscoe, Samuel Rogers, David Ricardo, Charles Sprague, George Grote, Sir John W. Lubbock, Walter Bagehot, Fitz-Greene Halleck, Edmund Clarence Stedman, Thomas Hodgkin, Edward Noyes Westcott, Wm. Barnes Rhodes, Bernard Barton, John Law.

In Part III. the author discusses the subject, "Notable Bankers in Fiction," under the following heads: Balzac's Bankers, Dickens's Bankers, Thackeray's Bankers, Charles Reade's "Story of an Old Bank," John Law in "The Mississippi Bubble," A Meredith Creation, Westcott's "David Harum," The Rothschilds in Literature, Ibsen's "Helmer" (A Doll's House), Mrs. Ward's Country Banker, Paul Leicester Ford's "Mr. Blodgett," Stockton's "J. Weatherby Stull," Thomas Nelson Page's "Norman Wentworth," F. Hopkinson Smith's "Peter," Kenneth Grahame.

The book concludes with a chapter on "The Ideal Banker."

Altogether this unusual work is one of the most genuine interest to every banker. Adapted best to his leisure hours, it yet contains practically helpful material, and will not be quickly laid aside by any bank man who takes it up. It is an ideal vacation or holiday gift book for a banker.

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cashier; Theodore Stempfel, assistant cashier; Ralph K. Smith, assistant cashier; Charles W. Minesinger, assistant cashier; Gustav H. Mueller, assistant cashier; Oscar P. Welborn, assistant cashier; Will H. Wade, manager bond department.

September first the American National reported resources of $13,768,713 and the Fletcher National reported resources of $12,742,535.

—The First National Bank of Cleveland, Ohio, in its statement as of September 1, again shows substantial gains in important items over the statement as of June 30. Loans and discounts, which at the time of the earlier statement were $19,265,954, have been expanded to $20,514,220, an increase of $1,248,265. Deposits, which in June were $27,605,731, on September 1 were $28,102,975, an improvement of $497,244. The total resources of the bank were increased by $480,436, and on September 1 were $34,430,660.

Other items in the latest statement were: Cash and due from banks, $9,717,947; capital, $2,500,000; surplus and profits, $1,314,153.

—From September 2, 1898, to September 1, 1910, the deposits of the First National Bank of Canton, Ohio, increased from $375,156 to $2,889,298. During the same period of time the loans have increased from $409,538 to $2,549,621. According to its latest report the bank has total resources of $4,008,775.50.

WESTERN STATES

—The Union State Bank is reported to have been organized at Muskogee, Okla., to take over the Alamo State Bank of that city. With the reorganization the capital will be increased from $40,000 to $100,000. W. C. Jackson has been chosen president, to succeed Leo E. Bennett, who resigns to enter the service of the Capitol Commission at Oklahoma City.

—With a capital stock of $50,000 and shares at $100 each, the Security Trust and Savings Bank Company of Ogden, Utah, has filed its articles of incorporation. The officers of the bank are: Timothy Ryan, president; John F. Kelley, Britton, S. D., first vice-president; Joseph Williams, second vice-president; John M. Kelley, Britton, S. D., cashier. The officers, with John McDermott, Thomas B. Farr, James H. DeVine, P. B. Johnston, Twin Falls, Ida.; C. B. Sears, C. H. Goslin, Emile Alec, Rockland, Ida.; Louis Bitton, Heber J. MacKay, Anna M. McDermott, Samuel G. Dye and Edwin Dix, were the incorporators.

—Following the call of the United States Comptroller of the Currency, banks in Colorado Springs have prepared statements showing that at the present time they have on deposit a total of $11,296,097.28. This sum is divided as follows: Exchange National Bank, $3,839,283.61; El Paso National Bank, $2,077,342.17; First National Bank, $2,403,140.05; Colorado Title and Trust Company, $1,604,461.53; Colorado Savings Bank, $900,581.32; Colorado Springs National Bank, $471,288.60.

—For September 1 the Security Bank of Hot Springs, Ark., renders a very favorable and well-balanced report of its condition. With a capital of $50,000 and surplus and undivided profits amounting to $98,321, it carries loans and discounts of $375,771 and has secured deposits of $463,433.

PACIFIC STATES

—The statement of the Seattle National, made at the close of business September 1, shows the following gratifying condition: Loans, $9,092,914.03; United States and other bonds and warrants, $2,914,164.24; cash and exchange, $4,809,893.05; total resources, $16,898,572.94. The capital is $1,000,000; surplus and profits, $289,573.21, and deposits, $15,108,999.73.

—S. C. Osborn & Co. of Seattle, Wash., on August 22 opened a branch office in the Fidelity Building, Tacoma, Wash. Osborn & Co. are correspondents of Logan & Bryan, who maintain a private wire system throughout the Northwest and Pacific coast.

—The National Bank of Commerce in Seattle has a capital of $1,000,000. It has surplus and profits of $1,103,000, and it has gained over $300,000 in total resources since the preceding call, June 30, 1910. It has loans of $8,255,246.04, cash and exchange of $5,379,021.81, deposits of $12,206,019.05, and totals of $14,700,051.74. The officers of this bank are: M. F. Backus, president; R. R. Spencer, Ralph S. Stacy, vice-presidents; J. A. Swalwell, cashier; O. A. Spencer, assistant cashier; Emery Olmstead, R. S. Walker, assistant cashiers.

—The Scandinavian-American Bank of Seattle reflects the prosperity of its district in its deposits of $9,885,539.63, as shown by statement issued to the Comptroller September 1, 1910. Its capital is $500,000; its surplus, $500,000; it has loans of $6,621,709.12, cash and exchange of $2,880,118.81, and its totals are $10,968,278.01. The officers are: A. Chilberg, president; J. E. Chilberg, Thomas B. Minahan, vice-presidents; J. F. Lane, cashier; L. H. Woolfolk, H. V. V. Bean, S. S. Lindstrom, assistant cashiers.

—E. W. Anderson, formerly with the Traders National of Spokane, has purchased an interest in the First International Bank of Kennewick, Wash., and will become its cashier. Mr. Anderson was for some time cashier of the First National of Davenport, Wash. S. M. Lockerby, president of the Kennewick bank, will retain his position and will have the general management of the institution.

—The Oklahoma Stock Yards National Bank, with a paid-up capital of $250,000 and surplus of $25,000, was organized at Oklahoma City, September 24, and expects to open up at the Oklahoma Stock Yards about October 1, in exceptionally fine quarters. The officers of the new institution are: T. P. Martin, Jr., formerly of Marlow, president; E. F. Bisbee, vice-president, and R. J. Robb, cashier.

—The Dexter Horton National Bank of Seattle has been gaining new business at a lively rate ever since it entered the national banking system. In a report dated September 1, it places its deposits at $10,713,948, its surplus at $240,000, and its resources at $12,256,941.

—Statements of the national banks of San Francisco, in response to the Comptroller's call as of September 1, show substantial increases over the figures of June 30. A gain of more than $2,000,000 is shown by ten banks, including all the nationals except the Bank of California, whose statement was delayed in publication pending the receipt of figures from its northern branches.

Foremost in point of increase is the Wells Fargo Nevada National, with total deposits of $24,743,346, as compared with $23,064,608 on June 30. The Crocker National records a gain of $435,744 in deposits over the June figures; the First National has gained $131,838; the American National, $669,247, and the Mercantile National, $442,720. The accretions are about evenly divided between the bank depositors and individuals.

CANADA

—The Union Bank of Halifax, N. S., has issued a circular to its shareholders communicating an offer received from an English syndicate of $240 a share for the Royal Bank of Canada shares to which they may become entitled on the consummation of the merger of the two banks on November 1 next. The amount of stock in question is 12,000 shares.

Royal Bank stock recently has been selling in the market around $240. The offer would mean an investment by the English syndicate of $2,880,000, were all the shareholders to turn over their stock.

Royal Bank shares go on a twelve per cent. dividend basis from January 13, 1911.

—The capital of the Bank of Nova Scotia has been increased from $3,000,000 to $5,000,000, following the passing of a new by-law. It was not announced how much of the increase would be issued immediately.

—James Mackie will manage the London branch of the Royal Bank of Canada, now open for business at 2 Bank Buildings, Princes street.

NEW CUBAN BANK

—President Gomez has signed a decree awarding the concession to establish a territorial bank in Cuba to the Banco Espanol de Habana. Ex-Secretary of the Treasury Diaz de Villegas has been appointed president of the new bank.

BANKS CLOSED OR IN LIQUIDATION

Florence—Bank of Florence; closed by order of territorial auditor.

CALIFORNIA.

San Francisco—San Francisco National Bank; in voluntary liquidation, August 1.

ILLINOIS.

Chicago—Prairie National Bank; in voluntary liquidation, Sept. 8.

INDIANA.

Evansville—Mercantile National Bank; in voluntary liquidation, August 1.

Indianapolis—American National Bank and Fletcher National Bank; in voluntary liquidation, September 3.

IOWA.

Hamburg—Farmers National Bank; in voluntary liquidation, August 27.

MAINE.

Richmond—Richmond National Bank; in voluntary liquidation, August 1.

NEBRASKA.

Wymore—City National Bank; in voluntary liquidation, July 7.

OHIO.

Marshallville—Marshallville Banking Co.; closed September 12.

TEXAS.

Princeton—First National Bank; in voluntary liquidation, August 15.

WISCONSIN.

Cuba City—Farmers Bank; closed by bank commissioner, September 10.

Sheboygan Falls — Dairymens National Bank; in voluntary liquidation, August 15.

AUTOS AND MORTGAGES

AN inquiry made by an automobile company in cities and places where 198,216 automobiles were owned, has pretty thoroughly cleared up the myth that people are mortgaging their houses to buy autos and are paying for them with borrowed money. Of this number of automobiles, 198,216, only 1,254 automobiles had been bought with a mortgage, or less than one per cent. (.63 of one per cent., to be accurate), and 7,475 autos were bought with borrowed money, or 3.72 per cent.

This was the opinion and returns made by 4,834 bankers in the cities and towns where 198,216 autos were owned, half those in the country. Bankers know who is mortgaging to waste and who is borrowing to buy. Their report is both accurate and trustworthy. What is true of this 198,216 autos is true of all the autos in the country.

Money has been borrowed for autos and mortgages made, but the number is minute by the side of the number bought without either loan or mortgage. If the automobile business appealed to the shiftless and thriftless it would never have reached its present dimensions or collected on its sales. The same class of people are buying autos who once bought horses and carriages, teams and drays, or delivery wagons. Taking the cost of a horse or horses, spans and teams, of harness and of carriages, or of horses and delivery wagons and drays, from 1860 to 1880, and allowing for the advance in incomes and in business, and the automobile is not a bit dearer than the horse or pair and smart turnout of twenty to forty years ago. The country has twice as much money and twice as many liberal incomes to use the auto now than wanted horses and carriages or dray and delivery wagon then. The auto is taking the place of the horse. Like the horse before a carriage, wagon or dray, more autos are for use than for pleasure. Every one hears of joy-rides. No one notes the business or professional auto. So one once heard more in city or village of a single costly "high-stepping" team than of all the doctors' buggies, the grocers' delivery wagons, or the teamsters' pairs of dray horses, but there were 10,000 of these to one of the other. So with the auto.

It is here to stay, to grow, and to become a daily necessity of a larger class than in the past once used the horse for business, professional needs or family wants.—*Philadelphia Press.*

RAILROAD PROGRESS IN THE SOUTH

AT a dinner given in Richmond a few months ago to President Eliot of Harvard University, John Skelton Williams, president of the Bank of Richmond, and a well-known Southern railway man, had the following to say regarding railway progress in the South:

"The South had been the pioneer in railroad construction. * * * From 1880 to 1900 the railroad mileage of the Southern States increased from 20.887 miles to 52,928 miles, which was more than the total mileage in the United States in 1870. To-day the railroad mileage in the Southern States is approximately 70,000 miles, or nearly enough to circle the earth three times at the equator. The total railroad mileage of the Union is now 230,000 miles, and the South has practically one-third of it, the same proportion it had in 1860, before the development of the great West and the Pacific States, and notwithstanding her four years of war * * * It is interesting to note that the railroad mileage in our Southern States to-day equals the entire railroad mileage of England, France and the German Empire combined.

"At the beginning of the South's revival in 1880, there was no railroad system in the South Atlantic States operating more than 750 miles of railroad, and only two railroad companies in this whole section operating as much as 600 miles. During the past five and twenty years our railroad lines have nearly all been rebuilt, extended and consolidated into systems operating from 1,500 miles to 8,000 miles each. Scores of small, disconnected and inefficient roads have been transformed and welded together, creating the giant combinations which today handle our mammoth commerce, and afford the quick and luxurious means of intercourse between all sections. Some of these systems have, I fear, grown almost

too extensive, and it is a question whether they do not cover too much territory to secure the best and most satisfactory results. I am inclined to the belief that between 3,000 and 6,000 miles of railroad are quite sufficient for one set of stockholders to own and one set of officers to look after, if the welfare of the public and of the owners, and not the personal ambition of a few, is to be the paramount consideration.

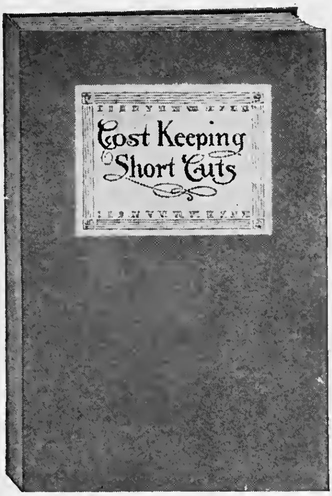
"The Southern States are generally fair and conservative in their treatment of railroads. When the roads confine their activities to the legitimate business of transportation, they have little to fear."

WITH BANKERS MAGAZINE ADVERTISERS

VALUABLE BOOKLET ISSUED BY THE BURROUGHS ADDING MACHINE COMPANY

THERE is one real opportunity for service to their clients that bankers are coming to more clearly recognize each year. We refer to the influence they can exert towards the adoption of better methods of accounting in business, towards a more accurate and thorough knowledge of their true business condition on the part of their patrons.

To induce a manufacturer to install a cost system is a service to him in that it puts him in a position to know what is fundamental to his success in the market. Too many are merely estimating their costs, which in plain language is guessing. Many cases can be cited where failure might have been averted by a simple workable cost system.



And such service pays; it means more to bankers to build up the business of those customers they now have than to get new ones.

Our thought is suggested by a new 180-page book we have just received from the Burroughs Adding Machine Company on the subject of costs. The Burroughs Company distributes this gratis to any one interested, and thereby performs a service to business which is none the less real for having as an ultimate object the development of more use for its machine.

A SUPERB PUBLICATION

"AMERICAN Art in Bronze and Iron" is the title of an extremely handsome book recently issued by John Williams, Inc., New York, who are specialists in bronze and iron work for banks. The book, which was compiled and edited by William Donald Mitchell, consists of a large number of excellent half-tone illustrations, principally of the interiors of the large banks in different parts of the country. With each illustration is a complete description of the interior arrangement and decoration of the banks illustrated. A book of this kind is assured to be of interest and value to bankers, especially to those who are contemplating the erection of a new bank building, or making improvements in their present banking quarters.

As a piece of printing the book itself is one of the finest specimens it has ever been our privilege to examine.

VIEWS OF NOTABLE BANK BUILDINGS

HOGGSON BROTHERS, the well-known New York firm specializing in bank architecture, construction, engineering, decoration and equipment, have issued a very handsome book describing their method of building and illustrated with some bank interiors and exteriors executed

by them. According to the Hoggson Building Method, the bank places the responsibility for the planning, for the execution of the work itself and for its cost, all upon one responsible organization. The detailed working out of this method is explained in the book which the firm has just issued. The different points taken up include the building appropriation, the contract, the architectural plans, the materials, changes in plans, supervision, decorations and equipment and remodeling. The essentials of a bank exterior are dignity, solidity, pure architectural design and a notable contrast with surrounding buildings. The essentials of a bank interior are good light, convenient arrangement, decorative unity and an inviting atmosphere. The illustrations in this book show very plainly how Hoggson Brothers have been able to work out these results in a satisfactory manner under a variety of conditions.

PUBLISHERS' ANNOUNCEMENTS

A BEAUTIFUL GIFT BOOK FOR BANKERS

MOST of the many books issued by the Bankers' Publishing Company are of a strictly financial or technical banking nature, but in "The Banker in Literature," by Johnson Brigham, just off the press, there is a shining exception. This is a book entirely suited for the banker's leisure moments, and on account of the particularly handsome manner in which the volume is printed and bound it makes an especially appropriate gift book. Undoubtedly it will be in great demand at the approaching holiday season. There could be no more appropriate Christmas gift for any bank man.

The author of this book is librarian of the Iowa State Library. He has devoted his spare time for several years to the preparation of this work.

"The Banker in Literature" appears in three parts, namely:

I. Historical Side Lights; II. Bankers as Creators of Literature; III. Notable Bankers in Fiction. In Part II. will appear biographical sketches of the following banker-authors: William Roscoe, Samuel Rogers, David Ricardo, Charles Sprague, George Grote, Sir John W. Lubbock, Walter Bagehot, Fitz-Greene Halleck, Edmund Clarence Stedman, Thomas Hodgkin, Edward Noyes Westcott, Wm. Barnes Rhodes, Bernard Barton, John Law.

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The book concludes with a chapter on "The Ideal Banker." Cloth-bound, gilt top, 250 pp. Price $1.50.

NEW BANK ADVERTISEMENTS

WE have just issued the Third Series of "60 Commercial Bank Advertisements." This announcement will be of interest to the hundreds of banks throughout the country which have used the previous sets of advertisements, and also to any other banks who want to get effective bank advertisements without too much trouble on their own part and with very little expense. The idea of these advertisements is to present the best possible arguments for the various kinds of banking service in a concise and interesting form. They are written in such a way as to be easily adapted to local conditions. They are printed in pad form on one side of the paper so that when it is necessary to send copy to the newspapers one or two of the ads. can be pasted on blank paper and changes necessary indicated on the margin of the sheet. These advertisements are sold to only one bank in a community, so that it is a case of "First come, first served." The price of the 60 Commercial Bank Advertisements is $3 and this includes a copy of our bank advertising text-book "Pushing Your Business," a cloth-bound, illustrated volume of 181 pages now in its third edition. The ads. and the book will be sent on approval if you wish.

Next month we will issue a new set of "100 Savings Bank Advertisements," and are now making reservations for them.

J. R. McALLISTER
President Franklin National Bank of Philadelphia

See page [illegible]

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR — NOVEMBER, 1910 — VOLUME LXXXI, NO. 5

A "MODIFIED" CENTRAL BANK

MOST of the advocates of a central bank are careful to modify their proposals for such an institution by limiting its functions in a manner unknown to the really great central banking institutions of the world. They realize well enough that if a central bank were proposed endowed with all the functions exercised by the European central banks, such an institution would encounter the hostility of the existing banks, particularly of those in the central reserve and reserve cities.

One of the latest suggestions for a "modified" central bank is to be found in the admirable address of Mr. IRVING T. BUSH, delivered before the recent convention of the American Bankers' Association at Los Angeles. Mr. BUSH is chairman of the Currency Committee of the Merchants' Association of New York. In the address referred to, after accurately defining the improvements needed in our banking system and explaining the difficulties encountered in securing agreement on a programme of reform, Mr. BUSH said:

"I will ask you to picture to your minds a central bank governed by a board composed of bankers, a limited number of government officials, and the balance men engaged in business, and not identified with either banking or politics, with its functions, limited absolutely to dealing in foreign exchange in order to protect or build up our gold reserves, rediscounting certain approved forms of short-term commercial paper, and bills of exchange for regularly organized financial institutions, and the issuing of bank notes. All profits above some fixed percentage—say four per cent.—to go to the government, or be used for some public purpose."

An institution whose functions were so limited would lack one of the essential attributes of a bank—the handling of deposits. So limited it would be chiefly a bank of issue, with some control of the foreign exchanges.

A bank so limited in its functions might be of considerable service. The notes which it would issue based, as Mr. BUSH proposed, upon a gold redemption fund and further secured by legitimate commercial paper, would be a vast improvement on our present national bank notes. The control over the foreign exchanges would also be beneficial, and the rediscount functions would be valuable.

But a bank so limited in its functions would lack some very important attributes of a bank, particularly of one issuing notes. Without the right to receive deposits there could not be that automatic change of notes into deposits or of deposits into notes so necessary to the efficient working of a bank of issue.

In a very important sense, under a proper system, the issue and retirement of notes depend upon the will of the business community. The notes go out when the dealer needs them and they are retired by being deposited when he no longer needs them.

Now, for this automatic change of

notes into deposits, or of deposits into notes, a central bank that did not receive deposits would have to substitute the arbitrary judgment of its governing board. However carefully this board might be constituted, it could never act with anything like the precision of the automatic process above described.

It will probably be found, in attempting to devise a central bank that will disarm hostility, that the proposed institution will be so hampered as to be of little use.

"BICENTRAL BANKING"

UNDER this title there appears in another part of this issue of THE BANKERS MAGAZINE an article describing a method, soon to be put into practical operation, for effecting some of the improvements in our banking and commercial systems that have been widely discussed.

While this is at present merely a private enterprise, it promises possibilities of developing into something of far-reaching importance to the banks and the commercial interests of the country. Whether it shall so develop will depend upon the attitude of the bankers toward its organization, and the character of the management when organized.

Briefly stated, the plan is this. The National Bank Audit Co., of Washington, D. C., has been organized for the following purposes:

1. To examine and audit banks.
2. To make good the assets of banks audited and examined to the amount required to meet their liabilities in case of failure.
3. To inspect, certify, and guarantee the payment of commercial paper.
4. To provide a fund for the rediscount of certified and guaranteed commercial paper.

The first aim of the company comprises nothing new, as several auditing firms are already engaged in making bank examinations and audits. But the National Bank Audit Co., as its title implies, will pay special attention to this line of work, and expects to develop a high degree of efficiency.

In making good bank assets, the company will, in effect, insure deposits, but with this important difference—there will be no blanket guaranty of all banks, good, bad and indifferent. Only the banks whose assets after careful inspection satisfy the company's requirements will be admitted to the system. It is claimed, and seemingly with reason, that this does not put a premium on reckless banking, but on the contrary makes for sound banking.

The inspection, classification and guaranty of commercial paper, if properly and thoroughly done, would be of immense benefit to the banks and to the commerce of the country.

Could a rediscount centre be established to which the banks could apply with confidence in case of need, a great step would be taken in curing one of the present glaring deficiencies in our banking system.

Possibly, with sufficient capital, and the coöperation of a number of strong banks in the chief financial centres, this company might eventually exercise some effective control of the discount rate and leadership of the money market, as is done by the central banks of Europe.

The National Bank Audit Company seeks to accomplish several things that bankers quite generally agree upon as being desirable. But it attempts to do these things without waiting for legislation, which, however desirable, does not seem to be in sight. Its fundamental principle appears to be this: action based upon the most searching expert investigation. Undoubtedly, the principle is sound. Its successful applica-

tion will depend upon the way it is developed in practice.

We believe that now, in the time of financial calm, is the opportune moment for the bankers of the country to seek for some efficient remedy for the weaknesses in our banking and credit system that have, in times of panic, wrought such havoc. "Bicentral banking" may or may not be the appropriate remedy. But some things that it proposes seem to us worthy of careful attention by the bankers of the United States.

MAKING THE CORPORATIONS BEHAVE

CAREFUL observers can not have failed to note a lessening of political hostility toward corporations. Here are two striking evidences of this change of sentiment, taken from sources widely different. In his address before the New York State Republican Convention, Former President ROOSEVELT said:

"The corporation must be protected, must be given its rights, but it must be prevented from doing wrong, and its managers must be held in strict accountability when it does wrong; and it must be deprived of all secret influence in our public life."

And Former Judge ALTON B. PARKER, speaking before the Democratic convention of the same State, said:

"The corporation is the most useful public device ever originated by man. Without it our great railroad systems, steamboat lines, etc., would not have been created. The great majority of our corporations are honestly conducted and render useful public service. He who would arouse a prejudice against the corporation as such is not a good citizen, and he who would not lift his voice to turn away from it misguided wrath is lacking in patriotism. Whatever of wrong there is is not the fault of the entity called a corporation but of the officials in charge of it. And for the individual committing the offence there should be punishment. Such a method will protect the public and at the same time save the innocent and betrayed stockholder from injustice."

To this testimony as to the lack of utter depravity of all corporations might be added the comparison made by WOODROW WILSON, former president of Princeton University, and Democratic candidate for Governor of New Jersey. Mr. WILSON likened the offending corporations to automobiles that annoy pedestrians and others. He said, however, that the appropriate remedy was not to smash the automobile (corporation), but to punish the directors who take "joy rides" in them.

This evidence of a saner attitude of politicians toward corporations is a hopeful sign. The fact that the corporate form of business organization renders it difficult to fix responsibility for criminal or dishonest acts, will call for great patience in seeking to remedy these evil practices. But that the right remedy will be found short of destruction of the corporations themselves, can hardly be doubted. It is toward the attainment of that end, rather than to provoking a hostile spirit toward all corporations, that the attention of responsible statesmen should be directed.

THE COMPTROLLER'S CREDIT BUREAU

MANY practical measures have been devised by the present Comptroller of the Currency for making the examination of national banks more efficient. One of the latest inventions is a credit bureau, perhaps similar to the one already in operation as an auxiliary of the New York State Banking Department.

The subjects dealt with in the bank examiners' reports, and which will be collated in the new credit bureau for the information of the Comptroller and the various national bank examiners, will include the following:

"List of 'outside or foreign paper' of borrowers whose principal headquarters or place of business is outside of their districts."

"Doubtful or questionable paper in which officers or directors are interested."

"'Doubtful or questionable paper' of other persons or firms than officers or directors."

"'Large or extended lines of credit' in which officers or directors are interested."

"'Large or extended lines of credit' to other persons or firms than officers or directors."

As exemplifying the need of something like the credit bureau, the following incident is related in the Washington correspondence of the New York "Journal of Commerce and Commercial Bulletin:"

"An examiner had requested a certain city bank to write off certain paper issued by a corporation as a loss, and some of the directors visited Washington to secure a change in the order. The Comptroller asked one of the men what he knew about the corporation, and the director replied that he was familiar with its affairs, as he was himself president of the concern. In answer Mr. Murray inquired, what was the total amount of paper outstanding, and the answer was $80,000. Mr. Murray then had the subject inquired into by the use of the information recently turned in by the examiners, and found that the total outstanding paper of which the examiners had knowledge was over $800,000."

Undoubtedly, if the bank examiners had access to a central credit bureau that would furnish information as to the borrowings of firms, corporations and individuals from different banks in all parts of the country, it would be possible to weed out much bad and doubtful paper from the banks under examination.

The credit bureau proposed by Comptroller Murray is for the use of the Comptroller and his staff of bank examiners, not being available to the banks. Perhaps, for their own protection, the banks before long will be compelled to establish a credit bureau for the collation of credit information that may be exchanged among all institutions holding membership in the bureau.

CREDIT INSURANCE

NOTHING less than an insurance of credits of every kind is proposed in a contribution published in the succeeding pages of this number of the Magazine.

That such an undertaking is a stupendous one, the author of the article referred to fully realizes. But he proposes extraordinary means of acquiring the capital requisite to the successful operation of his credit insurance system.

We venture no opinion as to the practicability of this scheme—perhaps it is so great that it would break down of its own weight. Yet we believe the suggestions made by the author—who, we might remark, is a foreign student of our banking and commercial systems—are worthy of consideration.

About one of the most important things in their lives—the investment of money—the American people seem to be careless almost to the point of recklessness. It may or may not be feasible to apply the principle of insurance so as to protect investors against loss. But it would seem to be possible to adopt some plan that would put greater

obstacles in the way of the sellers of worthless "securities" than now exist.

President TAFT has favored Government supervision of stock and bond issues. Perhaps the whole problem is one too vast for private enterprise. Yet it is an open question whether Government interference in this direction will be wise or not. But in some way a closer inspection of the investments offered to the public will no doubt be brought about in time.

"GET RICH QUICK" SCHEMES

QUITE deserved was the denunciation of these schemes contained in the annual address of the president of the American Bankers' Association. President PIERSON said:

"As bankers I believe we owe a duty to our communities to encourage thrift and economy in every way possible. We should get closer to our people, and encourage investment in safe securities, arranging whenever we can to have bond issues offered in denominations that will attract and meet the requirements of the smallest investors.

"Experience and observation place us in a position to give advice to deserving men, helping them avoid mistakes and to particularly escape the lure of the 'get rich quick' schemes, through the advertisements of which so many millions are each year coaxed from and lost by small investors all over the country. These 'get rich quick' schemes are an outrage on business decency, and it is hoped that the post office officials will soon place more of these criminals in the penitentiary."

Only bankers know to what extent the people are gulled by these schemes, which generally are nothing more than impudent and bare-faced swindles. It is a daily experience at the banks, particularly at the savings banks, to have money withdrawn to pay for "investments" of this character or to meet losses sustained through them.

The stream of money thus poured out constitutes not only a grave loss to individuals, many of whom can ill afford a further depletion of their scanty means, but it is a source of frightful national economic waste.

For the person unskilled in the art of safe investing, there is no better counsellor than the banker or investment house of recognized standing. The prudent investor can no more dispense with this service than the average person can get along without the help of the family doctor.

THE VALUE OF COURTESY

NO less a banking authority than GEORGE G. WILLIAMS, the late president of the Chemical National Bank of New York, declared that if he could speak twenty languages, he would preach politeness in them all.

With very rare exceptions, the bankers of the country seem to have learned the value of courtesy. But it is something that by precept and example needs to be constantly instilled into the minds of those just beginning their banking careers. Lack of courtesy constitutes a negative kind of advertising which no bank can afford.

It is well enough to demand courtesy of "public servants," but are we not all public servants, except the few drones and idlers?

In a circular addressed to the members of the operating organization of the Chicago firm of H. M. Byllesby & Co., engineers and managers of public utilities, this idea is strongly enforced. The circular is entitled, "Yourself as a public servant." Perhaps if everybody could feel that it is his or her own direct, individual obligation to be courteous—not merely that of someone else—most of the bad manners that now

add to the annoyance and fretfulness incident to modern life would disappear.

The circular referred to was prepared by ARTHUR S. HUEY, vice-president in charge of operation of the firm mentioned, and it addresses those concerned in this forceful style:

"Gentlemen: As members of the Byllesby organization you are public servants in the true meaning of the term.

"It is particularly important that every officer, every head of department and every employee, of whatever capacity, should realize this fact and regulate his conduct accordingly.

"Each one of us owes his employment to the public.

"In all municipalities where we manage electric, gas and street railway utilities, the people have selected our organization to perform essential service, or have consented to such an arrangement.

"The operation of a public utility is in the most positive sense a public trust, and is so regarded by H. M. Byllesby & Company.

"Under these circumstances, you must realize that you can do your full duty to your employer only by doing your full duty to the people of the municipality where you are occupied.

"The employee who serves our company best, is the employee who serves the public best.

"This applies in all departments of the operating organization—equally to the managers, the stokers at the gas works, the trainmen on their cars, the engineers at the power houses, the men in the offices, and to those engaged in construction and other outside duties.

"To a great extent our organization is judged by the manners of its employees. Therefore, you must cultivate genuine courtesy and exercise patience and forbearance on all occasions.

"Those details of the service which the public have a right to know, while perfectly familiar to yourself, are often not understood by the men and women with whom you come in contact.

"Part of your duty is to reply to inquiries for information politely and comprehensively. If you are unable to supply the information yourself, the inquirer should be personally conducted (whenever possible) to the person in authority who can.

"You are never too busy to furnish the public with proper information, nor to be courteous in manner as well as in words. In using the telephone it is especially easy to be gruff and abrupt and to turn friends into enemies.

"Courtesy and decent treatment are due fully as much to those of small financial means as to the largest prospective patron.

"The possession of a habit of cheerful courtesy, springing from an honest desire to please, is an invaluable asset to the person who would advance himself in popularity and material welfare. It is worth more than capital and at times takes precedent of ability.

"But all of your good manners and willingness to make agreeable the points of contact between company and patron are of little consequence unless they originate in a deep-seated consciousness of your obligations in the public service.

"The men in the mechanical and in some of the other departments seldom or never meet the public in an official way. Their work lies in helping to back up our reputation with satisfactory actual performance.

"The standard of the service should be guarded as scrupulously as the standard of the food supplied on your table. Interruptions to the service should be made a matter akin to the honor of every man upon whom the service depends.

"In all departments, promises to pat-

rons and public should be carefully considered before they are made, in the light of the fact that disappointment and dissatisfaction go hand in hand.

"Those words are addressed to you, not necessarily because you have been negligent, but to impress upon you the importance and dignity of your occupation, and to assist you in undertaking what we expect from the members of our organization.

"It is my personal belief that there does not exist a body of employees more loyal, enthusiastic and efficient than the one which maintains our ideas of progressive public utility management.

"Perfection, however, is approximate at best, and in our endeavors, with so many customers to please, there is always opportunity for earnest effort toward new achievements.

"At this time, as you value our esteem, I ask you to give careful thought to the contents of this circular."

We believe the admonitions given above, if generally heeded, would do much to remove the spirit of hostility that prevails toward some of the public-service corporations. People get their ideas of a corporation very largely from its servants—those whom they meet every day.

Whatever tends to bring about a better understanding and more cordial relations between the people and the public-service corporations can not fail to have a wide and beneficial effect.

These sound words of counsel that we have reprinted are applicable in banking and indeed in business of every kind.

THE BILLS OF LADING CONTROVERSY

CONFERENCES between American and English bankers regarding the controversy over cotton bills of lading have thus far been productive of no positive results—the English bankers refusing to recede from the demands already made, and the American bankers still being unwilling to meet these demands.

One way out of the difficulty has been suggested. That is, the formation of a guaranty company of large capital, contributed here and abroad, to effect the desired insurance. It has also been suggested that the existing American Surety companies would gladly undertake the insurance of the bills of lading.

While these proposals would seem to meet the demands of the foreign bankers, and would be satisfactory in some quarters here, it has brought forth a great deal of hostility in the South where the premium to be paid on such insurance is looked on as an unnecessary tax on the cotton industry.

In a recent issue of the New York "Sun," Mr. George Whitelock of Baltimore gives the following account of the origin of the present controversy:

"The present embarrassment has arisen out of the divergence of view in the American courts concerning the rights and liabilities of the parties to bills of lading, and also because the weight of American authority, following the English precedents, exonerates the carrier from responsibility to an innocent purchaser for value of a bill of lading when the carrier's own agent has issued the bill without actually receiving the goods.

"As shown by Mr. Brumley's lucid analysis the New York legal rule is otherwise, and according thereto the carrier is estopped to deny the authority of his agent; in consequence an innocent purchaser of such a bill can recover from the carrier in the New York State courts. If this rule of law prevailed in all of the States and were controlling in the Federal courts the demand of the English bankers would probably have never been made. But by the preponderance of American authority

expressed by the decisions of such courts as the Supreme Court of the United States and the Maryland Court of Appeals, a bill of lading is treated as not being negotiable in the same sense as bills of exchange and promissory notes. It is regarded in those courts as mere evidence of ownership of the property and of the right to receive it at the place of delivery. By this view of the law a banker making advances of money on bills of lading does so at his own risk, and with notice that the agent of the carrier has no lawful right to issue the instrument so as to bind the carrier for goods not actually received."

Mr. WHITELOCK points out what has been done by the Commissioners on Uniform Laws, with the approval of the American Bankers' Association, to obviate the difficulties arising from the divergence of judicial opinions as to the rights and liabilities created by these instruments. Maryland and Massachusetts have already enacted the law as recommended by the conference of Commissioners.

While legislation of this character would doubtless be the best remedy for the present situation, it is not one that can be applied promptly enough.

The magnitude of the losses incurred through forged bills of lading hardly seems sufficient to justify the imposition of a charge of five or six cents a bale on all the cotton shipped abroad, as a premium for guaranteeing the genuineness of the bills of lading. Yet, if no better way can be found, it may prove a small price to pay for restoring confidence in these instruments.

DRIVING OUT CAPITAL

FROM statistics of income derived from British investments abroad, it would appear that the recent semi-socialistic legislation in Great Britain has resulted in driving a large amount of capital out of the country. The British Isles are, of course, in a position to stand this drain on their home capital much better than most other countries. If the United States should experience anything like the loss that is believed to have taken place in Great Britain, serious depression would ensue in nearly all lines of enterprise.

In fact, the Government policy with respect to industrial corporations and the railways has already had considerable ill effect, not so much in causing a withdrawal of capital as in preventing fresh investments.

The agitation in regard to corporation affairs and the actual revelations of wrong-doing have also tended to bring more or less discredit on American business methods—a great deal more than the facts warrant.

European investors, however, are a little puzzled over some of our financial operations. Representatives of American enterprises who seek to borrow abroad naturally try to create a favorable impression as to the value of our securities. To these representations the European investor listens patiently and finally becoming convinced, invests his money. What is his surprise, a little later on, to find that the leading American financiers, aided by the banks, appear to be engaged in a concerted effort to break down the price of these same securities with a view to buying them back again at low prices.

This may not be a condition peculiar to the United States, and it may not be upheld by the best financial houses nor by the best banks. But it is often successful, and this success could not be achieved in some instances without powerful banking and financial co-operation.

It may be said, of course, that the depression of price leads to European buying. But the investor may be pardoned for being suspicious of securities

whose values may be so suddenly and so materially depressed by artificial means. He takes chances enough in the influences and conditions whose effects may be seen and measured, without risking his capital to the manipulations of "bear" syndicates that work in the dark.

The forces of speculation may, indeed, offset one another, but they introduce too many chances of sudden and violent fluctuations into the field of investment, where stability of value is essential to confidence and to the steady attraction of capital.

OBSTACLES TO RAILWAY CONSTRUCTION

WHILE the public temper continues hostile toward the railroads, a halt in railway construction may be expected. In a letter recently made public, B. F. Yoakum, chairman of the executive committee of the St. Louis and San Francisco Railway Co., reviews the railroad situation in the State of Texas, and points out the difficulty of obtaining capital for new constructions, under present conditions. He enumerates the items that enter into the cost of railway building, and says that while many people still think that construction and equipment should be figured at from $15,000 to $20,000 per mile, $35,000 or $40,000 would be nearer the correct figure.

This increase in the necessary cost of railway building and equipment is not due altogether to the advance in labor and materials, great as that has been, but the heavier cars and the necessity of building more substantially have contributed materially toward enhanced cost of construction.

Mr. Yoakum tells the people of Texas that other communities anxious for railway development would profit by having the impression get abroad that investments in Texas railways are not treated in a liberal spirit. He states one case where a new enterprise calling for the construction of some 350 miles of road in that State has been postponed indefinitely, owing to the uncertainty of the legislative policy of the State toward the railroads.

As Mr. Yoakum says, one of the objectionable laws may be declared unconstitutional, but while it remains in force difficulties will be experienced in procuring capital for the new railroads which the State undoubtedly needs. He says that the State ought to have double its present railway mileage, and should secure it at the rate of 1,000 or 1,500 miles annually. This would mean finding investors to furnish some $420,000,000 for building and equipping the new mileage, and would immensely enhance values and profit labor.

Another complaint about existing railway conditions appears in the annual report to the shareholders of the Missouri, Kansas and Texas Railroad Co. In this report Mr. Edwin Hawley says that while gross earnings for the year ending June 30 were greater than ever before, increasing $1,258,000 over the previous year, net earnings decreased $260,000, owing to an increase of $1,519,000 in operating expenses.

Mr. Hawley ascribes the increase in expenses to increased wages, high cost of material and supplies, difficulties and expense of management caused by legislation and the necessity which exists for developing and maintaining improved standards of physical condition and service. High taxes are also blamed for the loss in net revenue.

Both the views above quoted are from the railway standpoint, a fact for which some allowances ought, perhaps, to be made. But there is no doubt that the railroads do not find the present situation an easy one.

It can hardly be supposed that the policies of the States toward the rail-

roads has been dictated by a spirit of hostility. Abuses have developed, and in attempting to correct these and to prevent their recurrence, some of the States have gone too far. We are sure that when this fact becomes fully understood, harsh laws will be modified.

Stock manipulations by some of the railway financiers have done much to inflame the public mind. It is to be regretted that legitimate railway operations, and the entire business of the country, should be thus placed at the mercy of speculators.

INFLATION AND HIGH PRICES

FROM a political standpoint, it is always most agreeable to ascribe high prices to the tariffs and the trusts. The tariff has long been familiar as the parent of abominations, and the trust can always be denounced with a sure feeling of a sympathetic response in the popular heart.

Both the tariff and the trusts may have had much to do in raising prices. That they are solely or even chiefly responsible may be questioned. Certainly other factors have been at work. One of these—perhaps of great importance—is the large increase in the supply of gold, of paper money, and the increase in bank credits in the form of "deposits." In each of these items there has been a tremendous increase within a short time. It might have been supposed that the addition to the gold supply would of itself have been an element of concern on account of the possible effect upon prices. But a further disturbing element was introduced by the inflation of the bond-secured bank currency. Even the silver, which though actually worth only half as much as gold, may yet be used as bank reserves, has been increased by the purchase of bullion for subsidiary coinage. And the old greenbacks, an obsolete form of paper money not fully covered by gold, also retain their function as reserve money.

But a greater and more dangerous means of inflating bank credit has appeared—or at least has only lately developed to large proportions. This is the paper profit made by financial interests from underwriting and promotion schemes, this profit being used again as the basis for obtaining fresh credits for other operations. By a system of redepositing bank reserves, the latter are used to support "deposits" to an extent quite beyond anything possible if the reserves were required to be kept actually on hand.

The facility with which bank loans may be had has vastly increased of late, and partially for the reasons above stated. This increase in loans represents an increase of power in the hands of somebody to purchase commodities and securities. Of course the operation is not wholly one-sided, nor is it by any means wholly detrimental. But in the absence of some more effectual means of controlling bank advances, this added facility for obtaining credit makes it more and more difficult for the banks to keep business within the bounds of safety.

We do not expect that anybody will take the least trouble to correct this inflationary tendency. There is no political popularity to be gained by such a course. Yet, when economists begin seriously to study the cause of high prices, they may find an inflation of the currency and of bank credits to have had an influence no less important than that of the tariff and the trusts.

POLITICS AND BUSINESS

NOT in many years has the business situation in this country been so much affected by political uncertainties as it is at the present time. Undoubted-

ly, enterprise awaits the outcome of the future with a great deal of apprehension and distrust. It would be easy to speak in a blindly optimistic strain and whistle these considerations down the wind. But that would be the part of folly, not of wisdom. In this country business enterprises respond very quickly to political agitation. We are not perpetually menaced by revolution, as is the case with some countries. but the political agitator—even though his purposes be laudable—occasions nearly as much anxiety and uncertainty as the revolutionist. BRYAN'S threat to overturn the gold standard was hardly less disastrous to business than would have been a threat to overturn the Government. Similarly, Colonel ROOSEVELT'S stirring campaign against the dominance of "special interests" has caused a chill to spread over the business world.

While clearly recognizing that agitation that results in cleaning things up is much preferable to a condition of rest implying stagnation and rottenness, one can not help reaching the conclusion that this country has had about all the blood-letting and purging that it can bear until time offers a chance of recuperation. If drastic surgical treatment goes on unchecked, the country may become exceedingly virtuous, but exceedingly dead.

We are not entering a plea in behalf of any corporate abuses that have been unearthed, nor favoring the adoption of half-way remedies. Possibly, the reform movement has but just begun. But we can not help thinking that some patience and restraint might be shown even in this work. Leave just a little to be done by other reformers who may come on the stage of the world later on. They must have something to afford exercise for their talents or the race of reformers will die out.

We believe that business needs rest now much more than it needs reform.

This opinion may be heterodox—it may be a mistaken idea, but we know that many men who have helped to make this country industrially and commercially great and prosperous are entertaining it.

And it is not merely the "malefactors of great wealth" who want to be let alone. The legitimate industries and trade of the country are languishing because of violent political agitation. And they will continue to languish until clear, sober, sane thinking and wise action take the place of the present radical and inflammatory appeals to prejudice and hatred.

A REPUBLICAN OPPORTUNITY

ALTHOUGH a short session of Congress affords little chance of getting through any important legislation except the appropriation bills, by the exercise of enough energy the Republican leaders might secure the enactment of a currency and banking bill that would be of immense benefit to the country besides furnishing the party with an excellent asset for the Presidential campaign of 1912.

We have always believed that a sound financial and banking measure could have been passed as readily as the miserable inflation law enacted in the spring of 1908. In other words, the people would have accepted a good law as readily as they did a bad law. We think every person who has given any intelligent attention to the course of legislation must admit that the passage of the Aldrich-Vreeland law has worked immense mischief to the Republican party. It shook the allegiance of many old and faithful adherents of the party and greatly strengthened the insurgent movement. That the leaders should have insisted on forcing through a measure almost universally denounced by experts as unsound and dangerous,

aroused suspicion that the law was designed for some ulterior purpose. This suspicion may not have been correct, but the appearance of the measure itself lent color to it.

But nothing is to be gained now by dwelling on ancient history. The party responsible for the paper inflation scheme yet has the opportunity of redeeming itself by enacting a sound and practicable banking and currency law that would correct inflation, improve banking conditions, and greatly benefit the business of the country. Will it have the wisdom and the courage to take such action? Having had a like opportunity for many years, it would perhaps be too much to expect anything of the kind.

Yet we can hardly doubt that good financial legislation would be "good politics." The future is filled with political uncertainty. It is quite conceivable that the present opportunity of the Republicans to enact financial legislation may not return for a long time. Not only is there a prospect of the Democrats carrying the House this fall, but the present opposition party is developing some strong Presidential timber—Wilson, Gaynor and Harmon have strength with the people, and either of them may prove a formidable opponent of any candidate the Republicans can bring forward two years from now. It is of course foolish to attempt this early to forecast the result of that contest; but from present indications, the Republicans will not have the walkover they had in 1896, 1900, 1904 and in 1908.

To correct inflation of the currency and of bank credit, we believe that some effectual means must be taken to secure but one kind of money—gold—as the basis of our currency and credit.

Next, the reserve banks must be strengthened in their capital and equipment.

And, finally—though not of least importance—the system of bank examination and supervision needs a complete overhauling.

The Republican party will have the opportunity of carrying out these reforms at least between the first Monday in December and March 4. It might do a great deal worse than to take advantage of it.

CONGRESS AND BANKING LEGISLATION

WILL any attempt be made to enact financial legislation in the session of Congress extending from December to March? It hardly seems probable, yet the aspects of the situation may be changed by political conditions.

Sound banking and currency legislation, after it has thoroughly worked into the business of the country and contributed toward the introduction and maintenance of prosperous conditions, is one of the best assets any political party can have.

But until such new legislation has been in operation for a considerable period, and thus given a fair chance of showing its effectiveness, it is just as likely as not to prove a political boomerang.

Banking legislation is always a ticklish matter politically. The opposition party will surely denounce it as a piece of favoritism to the banks, whatever may be its real character. And such appeals to prejudice are not without effect, especially if the new law has not had time enough to show its worth and efficient workings and to prove the falsity of such charges.

While it may be impossible to get any important banking and financial measure through at the approaching short session, from a political standpoint it would doubtless be more advantageous to the party in power to hurry through a banking bill now in-

stead of waiting until next year. With the Presidential contest two years off, new financial legislation would have a good chance to show its efficiency before the next national campaign. Should legislation be delayed, it would be too late for it to do any good to the party responsible for it, and might be open to successful hostile attack of a character against which its friends would be powerless to put in the most telling defence—that is, by showing the benefits actually conferred by the law itself.

STATE BANKERS' ASSOCIATIONS

PERHAPS the great size attained by the American Bankers' Association and the high degree of interest attaching to its annual conventions have somewhat overshadowed the more modest but none the less effective work being done by the various State associations. These organizations have an advantage over the larger body, in some respects. The very fact that a smaller number attend the conventions of the State associations makes it easier for the bankers to get acquainted. As the delegates to a State convention all come from the same State, there is, moreover, a feeling of neighborliness impossible in the conventions of the American Bankers' Association, made up of delegates from every State and Territory and even from foreign countries.

Hardly any subject gets by at these State conventions from reforming the currency to getting the cheapest rates for cleaning time-locks. Generally, the discussions are about matters of practical interest to the banks, and the papers produced are often of great and permanent worth.

For instance, at the last annual convention of the Wisconsin Bankers' Association, a paper was read by H. A. Moehlenpah of Clinton, Wis., on "Taxation of Bank Stocks." This is a subject that comes close home to the bankers, and the paper referred to discusses the subject thoroughly in all its more important bearings. At the same convention, Joseph Chapman, Jr., of the Northwestern National Bank of Minneapolis, made a most instructive address on some phases of our present educational system. He did not stop with general criticisms, which are all too common. But he showed, as a result of careful investigation, just where our educational system fails in training men for doing the real work of the country. His views were of a practical character, and ought to set bankers thinking of the final outcome of such a system for the nation.

While the bankers usually, and quite naturally, discuss topics most closely allied to their business, they often give attention to subjects in which they are concerned only as citizens.

As a result of the discussions carried on by the State bankers' associations, and by the American Bankers' Association, a higher and better standard of banking is being evolved in this country and in addition a spirit of intelligent coöperation developed in all the business, political and social activities of the times.

A CENTRAL BANK OF LIMITED SCOPE

ELSEWHERE in this issue of The Magazine reference is made to the proposals being put forward for a modified form of a central bank. In the "Quarterly Journal of Economics" for November, Professor Sprague of Harvard proposes "a central bank of limited scope." His suggestions are well reasoned out, and most if not all the things which his restricted bank would do ought to be done. But we doubt whether the bankers will ever consent to the setting up of this new and strange piece of machinery, or that they would

make much use of it were it actually installed.

Professor SPRAGUE very clearly shows the service such a bank could render, for example, in the matter of collecting checks and carrying on the domestic exchanges with greater economy in the use of time and money. We have urged for a long time that the existing clearing-houses should do at least a portion of this work. But except in Boston and a very few other places, the idea has not met with much favor. If the bankers are "scary" about adapting to new uses a piece of machinery with which they are perfectly familiar, what warrant have we for expecting that they will welcome something that they know nothing about?

Few students of our banking system have gone deeper into the subject than Professor SPRAGUE. But while his investigations have been thorough and his reasonings sound, the remedy he proposes seems to us ineffective. And this through no fault of his, but from the difficulty that confronts every advocate of a central bank, viz., that such an institution, if established here, must of necessity, owing to the conditions prevailing, be shorn of the attributes by whose exercise alone a central bank could become an effective portion of our financial machinery.

ANCIENT AND MODERN MILLIONAIRES

WEALTHY citizens of more remote times, though occupying a conspicuous place in the Hall of Fame because of their millions, were probably far from being as well off as the possessors of the great fortunes of to-day. When CROESUS went rolling down the street in his automobile, people doubtless turned to look at him because of his millions. But he would cut less of a figure in these pursy times, when nearly every person you meet is either a millionaire or hopes to become one very shortly.

Some comparisons between ancient and modern rich men are made in the following from the New York "Times:"

"In the course of a recent review of the second volume of Dr. GINSBERG'S 'Legends of the Jews' occurs this statement:

"'Rabbinic fancy is exuberant. We are gravely told how Job had 130,000 sheep with 800 dogs as guardians, besides 200 watchdogs for his house. He had 340,000 asses and 3,500 pairs of oxen. His benevolence was unlimited, and ships were employed to carry supplies to the cities and dwellings of the destitute.'

"No wonder the reviewer regarded all this as apocryphal; yet it is by no means necessarily so. For if we are to credit the newspaper accounts of the possessions of 'Mexico's richest citizen,' Gen. LUIS TERRAZAS of Chihuahua, Job was only in the second class of the world's great landed proprietors. This man—whose wealth, by the way, was not inherited—is the father-in-law of Señor Don ENRIQUE CREEL, late Mexican Minister to the United States. According to one of the latest newspaper reports, his holdings in the State of Chihuahua alone comprise several millions of acres, employing 10,000 men, 1,000 of whom are occupied in riding the boundaries of the ranches and keeping up the thousands of miles of wire fences. Several hundred thousand goats and sheep graze upon his land, we are told; of cattle and mules there are more than 1,000,000 each, and of horses about 5,000,000. How paltry appear the possessions of the patient patriarch of Uz when contrasted with an inventory such as this!"

As a piler up of wealth the modern multi-millionaire has probably far outclassed his ancient rivals.

CREDIT INSURANCE

By V. Gonzales Bazo

ALMOST every contingency of life is protected against casualties by some sort of insurance.

Human life and all its accidents are covered in various forms and in many ways, to such an extent that even railway tickets, in some instances, and some newspapers, stand for a sort of temporary policy of insurance.

Transportation by land or water is protected in every form, and scarcely anything is moved from one place to another without insurance.

Fire insurance has reached the smallest and most remote cities of the world, and to-day little destructible property is uninsured.

Insurance also covers the risks of losing property through burglary, breakage, infidelity of employees, bad crops, etc., etc.

Investment of Money Not Protected.

Perhaps the only risk that is not protected by insurance is the investment of money, though it is undoubtedly the most important factor of the economical life of nations. All the savings of the people and all the accumulation of wealth formed by the profits of capital and labor are turned again into circulation in the form of new enterprises, which continue the work of developing the labor of the world, and it is all put to work at a risk which is entirely unprotected.

Why investments are not insured in some practical and tangible form, nobody could tell. As matters stand, nearly all investors seem to assume their own risks, and in many instances this is so.

In making up their prices, manufacturers and tradesmen generally leave a margin for possible losses through bad debts, and in many cases this margin may cover the loss. At times, especially under abnormal circumstances, it is very probable that the margin will not cover it.

People who invest their money in stocks, bonds, deposits and life insurance, which all have but a limited earning power, can not carry their own insurance, as the returns are not big enough. The average rate of return for money invested does not exceed four to six per cent. per annum, and that does not allow anything to put aside for eventualities.

Some people—many perhaps—prefer a high-paying investment involving an unusual risk, and can gamble at the possibility of insuring themselves. But that is contrary to the rule of prudence that should apply to all sound investments.

Even the best of the gilt-edged stocks carry a certain possibility of risk; the strongest and best managed of the financial institutions may at any time be subject to a contingency entirely unforeseen, and the most secure investment has always some danger, perhaps, not in sight. The most successful enterprise, the most promising stocks, and the best secured bonds may one day fail to meet the expectations of their holders, despite any precautions that may be taken by human foresight, under present conditions.

The general prosperity of the country and the constant and permanent increase in wealth warrant the belief that for many years to come most of the enterprises of the United States will prosper. The sincere wish of everybody living in the country is that national prosperity will continue. But could anybody guarantee it?

The investments of money in stocks, bonds, loans, deposits, etc., in this country to-day represent the enormous sum of forty-five billion dollars, much of it absolutely unprotected, and little or none of it adequately protected.

Why Are American Securities Mistrusted Abroad?

Undoubtely, the bulk of our industrial and financial corporations are sound and

honest; they are honestly managed and are giving and expect to give during a long period very good returns. But, notwithstanding these facts, why is it that foreign markets are beginning to mistrust American securities?

It is well known that a few corporations have given ground for that want of confidence which has affected the majority of our stocks and bonds, with results that are being widely and bitterly felt.

Perhaps only a single concern started the frauds on cotton bills of lading, but the distrust thus aroused has heavily burdened the entire cotton market and has inflicted serious damage upon the honest interests concerned. This grave offence against business morals, though chargeable to one individual or concern, has greatly injured the people of the entire country.

Something is needed to protect the interests of the people—something that will dissipate all want of confidence; the "hall-mark" that Mr. Stilwell refers to in his book,* and that something is a certain form of insurance for our stocks and bonds and for all our credit paper.

Would Stop Violent Fluctuations Due to Speculation.

Speculation causes the rise and fall of stocks and bonds and does nothing for the benefit of the country. If the earning power of the enterprises is the same, and investors can expect the same or better returns for their money, why are prices subject to such extreme fluctuations?

Scarcity of money may affect its market price—the interest, but it should not affect the prices of stocks to the extent it does or seems to do.

The stockholders that do not control the management of corporations are generally ignorant of the facts concerning them, and do not know what return they are going to get on their money. Certain influential interests control the market, and prices rise or fall without the majority knowing the reason. If a certain minimum dividend was insured, and if the capital was verified and insured, the fluctuations in the prices of stocks would be limited to the real proportion of the current value of money (interest).

If the principal and interest of bonds were insured by some concern that could inspire perfect confidence, the prices would fluctuate only according to the price of money on the market.

The price of money is fixed by the offer and demand. The insurance of stocks and bonds would afford a means of testing them, as no doubtful paper would ever be insured. Insurance would tend to enhance the price of the stocks and bonds, as public confidence would be restored and many more investors would call for these securities.

Insured stocks and bonds would be accepted more readily as collateral security for loans at the banks, thus allowing many more people to become bona-fide investors. That would help to retain at home the money which now goes abroad, and would stop, in the near future, the borrowing of money in Europe.

Every dollar borrowed abroad is a fresh tribute imposed on the country's future, and to avoid it will be a great good to the country.

Deposit Insurance Favored.

The want of due confidence in banks, trust companies and other financial institutions causes the hoarding or emigration of some part of the money that otherwise would be put into circulation and at work. If bank deposits could be insured against every emergency, more money would be given by the public to the banks and by the banks, in their turn, to the public for development of enterprise and the employment of labor. That would mean, in the end, cheaper money, due to its abundance, and would help in the building up of more and more wealth.

If the loans due to the banks could be insured, the banks would lend more freely and the result would undoubtedly be an enormous expansion of business. The

*"Confidence, or National Suicide?" by A. E. Stilwell.

banks, being made sounder, would also get more confidence from the public.

Deposits in the 22,575 banks, trust companies and other financial corporations aggregate over fourteen billion dollars, and as security they have, outside of their capital and surplus (3,300 millions) something over ten billion dollars of loans and discounts—more or less unprotected.

How much money is hidden or has gone out of the country because of want of confidence in the banks? How much more money would go into circulation if the people had full confidence in the banks? What could the country expect of that additional capital put to work? Nobody, perhaps, could tell; but it must be an enormous quantity and quite enough to avoid entirely the necessity of calling for foreign capital.

Practicability of the Proposed Plan.

Could a big enough corporation be organized to undertake this scheme and to obtain the public's confidence?

If people having money invested or to invest would, for the sake of safety, give up a very small portion of their income, it could.

Would not stock and bond holders pay one dollar in every thousand of their investments every year to be absolutely guaranteed against every contingency? This one dollar out of every thousand dollars would not take anything from them. Their stocks and bonds, as a result of the added safety, would be worth many times the amount contributed for the purpose of insuring their investments.

Could not the banks and trust companies well afford to pay a small amount, say, the same one dollar in every $1,000, on all their loans to be absolutely secured against any loss?

Would not the banks lend their money more freely if the loans were all guaranteed?

Would not the depositors pay one dollar for every $1,000 of their outstanding balances to be secured against any loss whatever?

Would not life policy holders pay fifty cents for every $1,000 on their policies to be absolutely guaranteed against any possible emergency?

Would not manufacturers pay a small premium on all their sales to be also protected against loss and obtain a strictly cash business? They pay to-day from five to ten per cent. commission to agents and canvassers. Would they not pay $2.50 for every $1,000—that is, one-quarter of one per cent to be assured against loss?

It seems that all the concerns mentioned should feel interested in having their money secured, and that the percentage estimated is nothing that could burden them in any way. This being true, there is no reason why such a corporation could not be organized to protect them all.

How the Insurance Fund Would Be Obtained.

The amount of stocks and bonds listed on the New York Stock Exchange, including railway and industrial corporations, aggregates over $20,000,000,000 (twenty billions), on which one dollar for every $1,000 would give an income of $20,000,000.

Deposits in banks and trust companies aggregate over $14,000,000,000; one dollar per $1,000 would be $14,000,000.

Loans and discounts of the banks and trust companies amount to over $10,000,000,000 (exclusive of mortgages), on which one dollar per $1,000 would be $10,000,000.

Life insurance policies exceed twelve billion dollars, and at the rate of $0.50 per $1,000 would yield $6,000,000.

Manufacturers' sales exceed $15,000,000,000, on which $2.50 for every $1,000 would produce $37,500,000.

These five lines only would bring in $87,500,000.

Other commercial insurance, i. e., drafts, bills of lading, as well as private mortgages, would aggregate premiums for $12,500,000, making a prospective yearly income of $100,000,000, taking only small fractions of income from the bulk of investors and for the

purpose of securing their capital and the interest yield.

This could not be done automatically, and the yearly income would not be a sufficient guarantee for the public. A corporation with sufficient capital would have to be organized, backed and supported by the people.

What amount of capital ought to be subscribed to obtain the public's confidence?

Let us say $1,000,000,000, which would be about one per cent. of the total amount guaranteed, a proportion that is not higher in any other insurance company of any kind.

How could $1,000,000,000 be subscribed and paid in for this purpose?

Is not everybody interested in the existence of this concern—investors and people needing money—wouldn't they all be benefited by this enterprise?

Well, let them all help to form it.

Certainly, it is reasonable to suppose that there would be 1,000,000 people (one in each ninety-six of the population) that would subscribe for one share of $1,000, to be paid in ten years in installments of $100.

The entire capital is not needed at once, and ten years is quite soon enough to call for it.

Very many persons could subscribe to ten shares (and pay $1,000 per annum); many more could subscribe to five shares (and pay $500 per annum), and the remaining shares would be subscribed by the people of all classes.

Profit Not the Principal Aim.

It is not the idea of establishing a highly-profitable concern, and nothing like watering the stock could be thought of. Nobody could expect to get anything above a very poor return—not more than three to four per cent. It is not a speculative undertaking, but only a mutual convenience. One hundred dollars can be spared by at least 1,000,000 persons in the country, even if only for the country's sake.

The $100 of yearly investment would not mean money taken from other investments, thus depriving other sources of wealth of that much of working capital. Perhaps more than $100 is being thrown away every year by much more than 1,000,000 persons in this country, and this money is doing no work as productive capital. Such a sum, collected and used as indicated above, would afford a means of testing the country's investments and a large amount of new capital would be put to work.

The corporation would not leave its capital and income idle and unproductive. Deducting the amount of annual losses, the rest would have to be invested also, and that would be new money put to work.

Out of the yearly income (allowing fifty millions to be lost each year) there would remain $100,000,000 of capital installments and $50,000,000 of profits to be invested. Together these sums could earn a four per cent. dividend to shareholders, and leave a very large surplus to be accumulated. After ten years the paid-up capital and surplus would be perhaps over $1,500,000,000, increasing every year.

Corporations Would Pay the Insurance Premiums.

The premiums for insurance would ultimately be paid, not by stock and bond holders nor by depositors, but by the corporations themselves, deducting the amount from their net earnings. It is such a small charge that there would be no ground for trying to escape from it. All corporations would insure, as the public would not touch any stocks or bonds not insured.

Government Interference Avoided.

Everybody feels that something must be done to protect the public's interest, and the less the Government interferes in business matters the better. The insurance concern would save the corporations from much disagreeable Government interference from which the public might not get at all that is expected.

Vastness and Complications of the Plan Fully Realized.

The operation of such an insurance company would be very complicated and

would involve an enormous amount of work. No corporation could be insured upon any other basis than that of a thorough and honest investigation, including the auditing of its accounts. But no honest company should fear this; for if they have nothing to hide, there would be no harm in showing the true facts. The public could no longer be deceived, and that would be enough to obtain its entire support.

A Corporation of This Character Not Dangerous.

There should be no fear as to the power that this company would have, since it could not be injuriously exercised. The control and management could be put into the hands of persons in whom the public would have entire confidence. The savings banks are already so controlled, and the people have perfect confidence in them.

Helpful to the Banks.

Banking interests need not fear the possibility of competition, as the company would do no banking business at all, except with the banks themselves. Were commercial paper insured, it could be discounted at the banks at a lower rate of interest. The banks, lending money on a safer basis, would extend their business and would require additional capital. The company could furnish the money, investing its capital and earnings. It might, after all, be, in many ways, a great convenience to the banks.

Powerful Financial Assistance Necessary.

Of course, the carrying out of this scheme would require the coöperation of some of the big financiers of this country.

Fortunately, we have a few, at least, who are trying to do good to the country for the sake of their names, and they could not possibly do anything that would more surely deserve and receive the gratitude of mankind than by throwing this absolute safeguard around the country's investments.

THE TAXATION QUESTION

A FEW THOUGHTS, AN OBJECT LESSON AND SOME SUGGESTIONS

By A. Bankman

THE question of taxation as it relates to banks has puzzled the minds and ingenuity of many bankers. Not to see how much they could pay, but to see how little they could pay. Not that they object to any taxation, but that over-taxation is objectionable to them. It is true that politicians in power often seem to think that the banks are great money makers and that some of that money should be in a place where they would have authority to use it. With this in their minds, the taxes were levied. Such taxes are usually looked upon as graft. Sometimes they are graft and sometimes they are not.

The Baltimore banks have for some years had a peculiar system of exorbitant taxation. Some effort has been made to secure a reduction, but the writer has not heard of any marked reduction as a result of the efforts.

In addition to the regular State and city tax there are a few cities where the banks have to pay an annual license for the privilege of doing business within the city limits. One city comes to mind where the license is $75.00 for each bank, regardless of the size of capital or deposits. This certainly seems like graft.

What the Omaha Bankers Are Doing.

The object lesson we want to set forth is that of the Omaha bankers in their recent efforts to have allowances made for paper that was being carried in the loans and discounts, but which might have to be charged off later. The

report of their meeting with the board of assessment is interesting, and the arguments set forth are of interest to all bankers laboring under similar difficulties. We quote part of the report:

Omaha merchants have been very successful in dealing with the state board of assessment, but the Omaha bankers ran up against a stone wall in the board meeting when they asked for the state board's approval of the deduction of $1,211,531, full value, from the assessed valuation of Douglas county banks. They asked for this on the ground that three per cent. of the loans made by large city banks may some day turn out to be bad. The board members present, Treasurer Brian, Land Commissioner Cowles and Secretary of State Junkin, being a majority, opposed the deduction as being not authorized by the revenue laws. The members appeared determined, but a majority of those present desired to wait for an opinion from Attorney General Thompson.

Land Commissioner Cowles opposed waiting for an opinion. "There is the law," he said. "Why not vote now on the question?"

"Who is the interpreter of the law?" asked Treasurer Brian, who desired to get the attorney general's opinion. "We are," said Mr. Cowles.

During the discussion nothing was said about the deduction of accrued and unpaid interest on time certificates of deposit and unearned pro rata portion of discounts on notes or bills receivable.

The entire discussion was devoted to the practice in Douglas county of deducting from bank assessments a fixed arbitrary sum on account of alleged losses banks may sustain some time during the year on account of bad loans. One per cent. was deducted in Douglas county on account of bad loans by state banks and three per cent. on account of supposedly bad loans made by national banks. According to Secretary of State Junkin this amounts to a reduction of about 17 per cent. from the capital stock of the larger banks in Omaha. The deduction for smaller banks is much less.

The board takes the position that banks must be assessed on the value of shares of capital stock, surplus and undivided profits and that any deduction made by assessors or county boards, is unauthorized by law and cannot be sanctioned by the state board. The bankers of Omaha argued that they could have returned a smaller total valuation to be assessed, but that they openly deducted a percentage for bad loans. This deduction they said was merely a listing of the net undivided profits instead of gross undivided profits, and that the law meant that net profits should be listed, the courts having held that where credits are deducted from a business man's assessment it means net credits.

The board contends that bad paper may be thrown out entirely and not assessed, but where bad paper is listed by a bank for taxation and is reported to the comptroller of the currency as good paper, any deduction from the total is an arbitrary deduction not allowed by law. The paper having been carried as good paper it must be taxed and no deduction made for a probable or uncertain loss that may or may not occur in the future.

Secretary Junkin illustrated by asking if he had one hundred head of cattle whether or not he could on the first of April list only ninety-seven for assessment on the supposition that three head would die before the following April. T. E. Condon, who was spokesman for the bankers from Omaha, said that could not be done, but that if three of the cattle were sick and poor a deduction ought to be made, or if upon rounding up the cattle three should be found missing, a similar deduction would be fair.

Attorney General Thompson's former opinion was read. It states that bad paper may be considered by an assessor in arriving at the true value of shares of capital stock, but that no arbitrary deductions or additions can be made to the total assessed valuation.

"We do not know that you have any bad paper April 1, when the assessor calls," said Mr. Junkin.

Treasurer Brian who presided over the meeting was the first to come out openly in opposition to approval of the deduction for bad loans. He said it was all a matter of law with him, and he could find no authority for making such deductions.

County Assessor M. C. Grover of Washington county, who had complained against the assessment of Douglas county banks was an interested spectator. Frank Hansen, county assessor of Burt county, who complained against the Dodge county assessment, was not present. County Assessor Genoways of Hamilton county was the first to go upon the carpet. He said he deducted two per cent. from the assessment of two banks in his county on account of bad loans but he said he believed that as long as a bank carries loans on the books as an asset such loans ought to be assessed. He said he had one bank strike from its books $5,000 of bad paper.

The board decided that it has power to order county clerks to restore to the assessment of banks the amounts stricken off by assessors or county boards on account of bad loans. This will be ordered in seven counties in the state.

County Assessor Shriver of Douglas county was present but was not called

upon. It is his private opinion that the deductions given in Douglas county are not legal.

How Bad or Doubtful Loans Should Be Treated.

While this argument may be interesting to many bankers, there are quite a number who have solved the difficulties of the Omaha bankers, and they can profit by following the same lines. The solution of the difficulty is this: Have a "contingent account" on your ledger against which to charge bad or doubtful loans and build up the contingent account by transfers from your earnings or from the undivided profit account. By doing this the allowance will be made for losses, and no question will arise as to how to reduce the undivided profits when the call for statement for taxation purposes approaches.

Some banks have the contingent account on the general ledger, and others carry it on the individual ledger so that it will not show on the statement.

The question arises—how large should the contingent account be; or what percentage of the total loans should be carried in the account? According to the claims of the national banks in Omaha it should be three per cent., but by the claims of the State banks, only one per cent. The average careful banker would say that three per cent. is entirely too large. One per cent. ought to be a safe amount. The bank that has the prospect of having occasion to write off three per cent. of its total loans cannot be said to hold out to its stockholders bright prospects for increased dividends or increased book value of its stock. Some banks are carrying less than one per cent. of total loans in the contingent fund, as it is usually called, and have sufficient to meet all losses. But if the earnings will warrant a balance of two or three per cent. in the account, it will be a good place to hide surplus earnings. The only trouble with carrying too large an amount in the account is that politicians will decide to pass a law including the amount as an undivided profit and making it taxable.

Another question raised in connection with the report quoted above was, that nothing was said about the deduction of accrued and unpaid interest on interest-bearing deposits, nor was anything said concerning the amount of unearned interest carried in the discount account, neither was the accrued interest receivable mentioned. All these affect the profits of the banks. For that reason accrued accounts for these purposes should be carried if the bank desires the amount, on which it is to be taxed, to be no higher than it should be.

Some bankers make a practice of charging off several notes a few days before the date on which they are to make the report, and then after the report is made to reverse the entries. This practice cannot be commended. It is liable to result in trouble for the banks if the comptroller or banking commissioner should call for a statement just after the reverse entries had been made, and a comparison of the two statements would be made by the officials of the tax department.

Last year the business world and particularly the board of review in Chicago received a shock when the Chicago Telephone Company asked that its personal property tax assessment be increased $2,000,000. This year, according to the report, the same board was surprised when the Standard Oil Company requested that its personal property tax assessment be increased $30,000. These requests are contrary to the ordinary rule. But if these are the beginnings of a movement that is going to grow, the bankers surely should not be the last in joining the movement.

TRUST COMPANIES

Conducted by Clay Herrick

TRUST COMPANY MEN AT LOS ANGELES

O. C. FULLER, OF MILWAUKEE, THE NEW PRESIDENT

THE fifteenth annual meeting of the trust company section of the American Bankers' Association, held at Los Angeles, California, on October 5, 1910, in connection with the other meetings of the various sections of the association, marked another forward step in the history of that useful organization. The attendance was good, the interest well marked, and the tone of the addresses thoughtful and progressive. The membership of the section shows steady growth, the number of companies now enrolled being 1,065, with aggregate resources of about $4,000,000,000. It is estimated that there are from 1,700 to 1,800 companies in the country today with aggregate resources of about $5,000,000,000; the section, therefore, enrolls over sixty per cent. of the total number, and represents over eighty per cent. of their total resources. It is safe to say that the great majority of the strong and progressive trust companies of the country are now allied with this organization, which is doing much to increase the popularity of the trust company, and to add to its solidity and usefulness as a public institution.

The meeting opened in the usual way with addresses of welcome by Joseph Scott, president of the Los Angeles Chamber of Commerce, and by J. C. Drake, president of the Los Angeles Trust & Savings Bank. In fitting words these gentlemen welcomed the visitors, and described the gratifying growth of the great State of California. The meeting was presided over by the vice-president, O. C. Fuller, of Milwaukee, in the absence of H. P. McIntosh, of Cleveland, the president, who was in Europe. The address of the president, which was read by Mr. Fuller, contained a number of recommendations for work to be undertaken by the section, including the following:

The appointment of a committee to promote a uniform system of accounting for trust companies.

An organized movement to bring about legislation permitting, if not making compulsory, the certification of municipal bonds by trust companies.

Insistence in every State upon State examination of trust companies.

The liquidation of insolvent trust companies by State superintendents of banks instead of by receivers.

Lawrence L. Gillespie, of New York city, the chairman of the executive committee, upon whom by custom devolves the burden of carrying the activities of the section, delivered an able address. He spoke of the continued growth of trust companies in the country and in New York State in particular, saying, in part: "There is every indication that the momentum gained by trust companies during the past ten years is not abating, but we shall see their influence spread in broad, conservative and useful lines.

"We have during the past six months experienced a new kind of a panic which did not assume the gravity of a depression. It was a panic spread over a considerable period and came to us in a hesitating way, really consisting in a depreciation of values more than in any actual apparent curtailment of trade and credit.

"In these financial difficulties we are glad to note that the trust companies of the United States have in no way been involved. With their strength and prudence demonstrated by their history; and with judgment derived from experience and self-reliance it is a matter of congratulation that they have ap-

proached closer to the banks of the country in a spirit of friendly business intercourse and with a realization that most of their interests are shared in common. We cannot conceive of any catastrophe to the banking interests of the country which would not be harmful to trust companies, and vice versa. Their successes and their misfortunes would be inextricably woven together. In this spirit of comradeship the banks are observed to be meeting them more and more."

Discussing "The Advisability of a Trust Company Maintaining an Auditing Department, Rather Than Having Periodical Audits from the Outside," W. M. Baldwin, assistant treasurer of the Citizens' Savings and Trust Company of Cleveland, took a stand in favor of the maintenance of an audit department—a thing which his company has done for the past six years. He said, in part:

"Now, I ask you, is it not better that this checking should be done by a man who can watch such transactions and perform such work daily, rather than at stated periods? True, if there have been mistakes made, the periodical audit will disclose them, but it will only show that they have been going on for some length of time, and enable the waste or loss to be stopped for the future. Had the institution in which such errors were discovered maintained an auditing department of its own, these mistakes would have been found out on the very day they occurred, and the bank would have saved just so much.

"It has been oftentimes objected that the maintaining of an auditing department is nothing more or less than the establishment of a system of espionage upon the employees and officials of the bank. No employee, however, who is worthy of the name, ever places opposition in the way of the auditor. He realizes that it is a check upon his own work, and for that very reason welcomes it. Moreover, it must be remembered that no individual has yet been found who is infallible, and if errors are discovered by the auditor, they can be remedied before any serious results have occurred.

"It was about six years ago that our auditing department was established, and, I may say, none of the officials have ever regretted that it is a check upon their work, and welcome the check in order that it may be established, beyond peradventure, that their work is up to the standard. Moreover, the auditor, needless to say, has been the means of suggesting many improvements and economies in the administration of the bank's affairs.

"At the risk of tiring you I shall go into details in describing the operations of some departments, seriatim.

"At irregular periods the bonds and stocks owned are counted by the auditor and his assistants. When any securities are taken from the vault or others put in, memoranda are sent to this department and each day the memoranda are verified. To show you what a close watch we keep over our securities, I may say it is impossible for any stock, bond or other security to be taken from the vault except by an officer when he is accompanied by the auditor or his assistant. And this very great care which we take of our own securities is duplicated in the care of securities in our Estate Trust and Corporate Trust Departments, as well, of course, as of the collaterals pledged for loans.

"The interest on all collateral and real estate loans is figured independently by our auditing department from its own records. Thus the cards of this department become practically a balance sheet of the total amount shown on the books of the bank. When any payments are made upon loans or new loans negotiated, records are made from the loan register and the auditor's cards are balanced with the general ledger at irregular intervals. Moreover, the collateral of all new loans, as made day by day, is compared with the notes themselves. We require a double combination on the vault which holds them, necessitating the auditor going to the vault together with the loan teller.

"As a further check, we send periodically to all borrowers upon collateral

security forms for their signature to reconcile loans. These forms describe in detail the collateral pledged, the amount of their loan, and any necessary information. The majority of our borrowers appreciate this safeguard, and all but an infinitesimal number of the reports are signed and returned without any complaint on account of receiving the blank, whereas these complaints were numerous when the blanks were sent out by outside auditors."

The topic, "The Investment of Trust Funds, and the Respective Interest Therein of Life Tenant and Remainderman," was discussed by Isaac H. Orr, trust officer of the St. Louis Union Trust Company. After calling attention to the importance of the work of investing trust funds, and of the trust company's splendid equipment for the work, he said, in part:

"From the experience of older companies, we learn that the best results have been obtained, not by having one officer make such investments, subject to the approval of a board of directors, but by having a group of men or a committee, selected from the roster of officers and directors who are charged with the special duty of investing trust funds. This committee should meet in regular session and keep a permanent record, showing the members present, the investment authorized, the price paid, and for whom purchased. When the individual members of such a committee realize the fact that their personal judgment on the investment is registered for future reference, there will be an added appreciation of the responsibilities assumed.

"The first and most important question to be determined is the character of the investment. To determine this, the trustee will first consult the will, deed, or other instrument creating the trust. This may specify the character of the property or securities in which to invest the trust funds. If so, such specification should be followed. If the instrument itself fails to give instruction or limitations concerning the investment, the trustee must look for guidance to the statutes of the State wherein the trust is created. Twenty-six States have passed laws relating to this subject. In a number of cases the provisions of the statutes are not adequate to cover all of the contingencies that arise. Others are sufficiently comprehensive and explicit to enable a trustee to properly administer any trust. It would not be profitable, even if we had the time to discuss in detail the statutes of the different States, as each must become familiar with the law of his own bailiwick; but it may be of interest to note the easy and comprehensive manner in which some of our western States (California, Montana, and North Dakota) have disposed of this subject in a three-line enactment, as follows:

" 'A trustee must invest money received by him under the trust as fast as he collects a sufficient amount, in such manner as to afford reasonable security and interest for the same.' "

He spoke at length upon the important question of the separate interests of life tenants and remaindermen, saying:

"The respective interests of the life tenant and remainderman demand the constant attention of the trustee. The one wants the highest possible income, and the other the safest possible investment. Both interests must, within reason, be conserved. Separate accounts should be kept from the beginning, showing income and principal funds. This is a simple matter; but as the administration proceeds, questions will arise as to what constitutes principal and what income.

"Income of property consists of the proceeds of what the property produces, the profit which comes from its use in business, or what is paid for its use by another than its owner. Principal, or capital, is the property itself. A trustee must be careful to distinguish between real income and that increase which comes from an increase in the value of the property. For example, if trust funds are invested in a certain piece of real estate, the principal is not the cash paid, but the real estate itself. If that

is sold at an advance the profit is a part of the principal and not income."

In illustration of this principle he gave several examples, of which one was this:

"Stock dividends. A trustee holds shares in a corporation which declares and distributes a stock dividend. Is this to be credited to income or to principal? There are three well defined rules on this subject, which may be dominated respectively, the Pennsylvania, the Massachusetts and the English rule. They lead to essentially contrary conclusions. The Pennsylvania rule proceeds on the theory that the trustees should ascertain the time when the fund represented by the new stock was accumulated. If it represents earnings made before the life estate began it belongs to the corpus or principal; if after the life estate began, then to income. If the fund represents earnings made both before and after the life estate began, then the stock dividend should be apportioned between income and principal ratably. The Massachusetts rule regards cash dividends, whether large or small, as income, and stock dividends, whenever earned or however declared, as principal. In England an ordinary, or usual cash or stock dividend, belongs to income, while an extraordinary cash or stock dividend belongs to the principal fund."

Discussing the question, "Shall Trust Companies Charge for the Care of Small Accounts?" Edward O. Stanley, vice-president of the Title Guarantee & Trust Company of New York City, took the ground that they should charge. He said, in part:

"The relations between the bank and its depositors have not always conformed to the usual relations between merchant and customer. Yet there is absolutely no reason why they should not. The banker is buying the use of the customer's money, and is paying therefor in the collection of the checks and other items which may be presented, in the safe-keeping of the funds until they are wanted by the customer, and in the interest, if any, which he allows upon the customer's balance. In no other branch of trade would the merchant wittingly pay something where he received nothing in return; nor would the professional man regularly and continuously perform a service for clients entirely able to pay him and receive nothing therefor. Yet this is precisely what the banker is doing when he accepts an account which continues without a loanable balance, or one that is so small as to be absolutely negligible, though he continues to perform the various services required by the dealer in the care of the account. The banker simply throws upon the larger account, which has a considerable loanable balance, the proportion of the burden of expense which the small account entails.

"Now, it must be borne in mind that the privilege which a bank extends to its customers are of a positive value. They are costly to the banker and must in some way be paid for by the depositor. If an analysis of an account shows that, deducting the checks out for collection and the percentage required by the State law to be maintained as reserve, there is left to be loaned a balance so small as to be of but little value to the banker, it is quite evident that he must in some way seek for remuneration if he is to continue to carry such accounts in his institution. Rather than to require the withdrawal of all accounts of this class, we believe it to be the better policy to continue the account and to make a small monthly or quarterly charge for the care of it.

"If an account be small and also very active, requiring much bookkeeping and much tellers' and correspondence work in paying the debits and collecting the credits, with a very small actual balance, it is clearly unprofitable. Furthermore, the need of careful watching of accounts by bookkeepers and tellers, lest they be overdrawn or lest payments be made against uncollected credits, lies almost wholly in the small accounts. The large accounts need but little supervision for overdrafts or drawing against uncollected credits.

"Among the small accounts will usually be found nearly all of the un-

satisfactory and troublesome customers. If the adoption of this policy shall result in the elimination of some of them, we think that the banker will welcome the release from this trouble rather than regret their departure."

The subject, "The Advantage to the Trust Company in Making Loans Upon Marketable Collateral, Rather Than Upon Personal Credit," was discussed by William C. Poillon, vice-president of the Mercantile Trust Company of New York. He strongly favored the collateral loans, saying, in part:

"In the term 'marketable collateral' I include loans upon commodities, such as grain, cotton, live stock, coal, ores and metals, as well as bonds and stocks of municipalities and corporations.

"It is true that only a small percentage of the large amount of commercial paper discounted by banks is defaulted upon, yet the cause of the failure of hundreds of banking institutions in the United States has undoubtedly been the inability of these institutions to realize upon their discounts to customers at maturity, even in times of no particular monetary stringency; whereas, if only part of these loans had been secured by marketable collateral, payment would have been made at maturity, in most cases, when required. This would have been possible because the borrower, in all probability, would have been able to secure a renewal elsewhere, failing which a sufficient amount of the collateral could have been sold to liquidate the loan.

"As a result of an experience of twenty years with this class of loans, I venture the opinion that it possesses a great advantage over double-named commercial paper, in that it has much greater convertibility, and the additional advantage that, even though the borrower has become insolvent, his security has not necessarily become impartial because of this occurrence; or, if the security is not adequate, the borrower has not necessarily become insolvent. There have, of course, been occasions when both these misfortunes occurred at once, usually in times of panic. In this event, experience has shown that the most advantageous course for the lending institution to pursue has been to carry the loan until the market value of the collateral reaches a point where it can be sold for an amount sufficient to liquidate the loan without loss. I am strongly of the opinion that fully ninety per cent. of such default loans can be liquidated without loss to the lender, if such loans were made with reasonable prudence in the first instance.

"The security at the base of the customary commercial credits is subject to all the hazards of fire, flood, earthquake, robbery and fraud to a much greater degree than is the security behind stock and bond issues, largely because the properties, plants, or lines of railway securing capital issues of large corporations are located at widely-separated points, and a loss of the character mentioned at any one place would represent only a small part of such corporation's assets."

Stuyvesant Fish of New York city spoke on the negotiability of bank shares and decried the custom of lending upon such shares as collateral, which he regarded as dangerous. He showed that British joint-stock banks do not lend upon the shares of other banks, nor even upon those of the Bank of England. He believed that the by-laws of banks should provide for the issue of certificates in a form not pledgable, and that transfers should be permitted only when approved by the directors. He said, in part:

"My purpose is not to decry bank stocks as security for loans, but to inquire whether there are not reasons of business prudence and of public policy demanding that the certificates for such stock should not much longer be available as collateral for loans. Experience in New York during the panic of 1907 affords an instance in point. Despite differences of opinion as to the prime cause of this our latest panic, no one can question that the ultimate cause which precipitated it was the breaking down of 'Chains of Banks.' Those chains of banks had been created through loans

being made by one bank against the pledge of shares of another in the chain, which in turn lent on the stock of a third, and so on around the circle. When, toward the close of October, 1907, in a time of general stress, a close scrutiny was made, those bubbles collapsed and crisis ensued immediately.

"In so far as directors are concerned, the National Bank Act provides that 'Every director must own in his own right at least ten shares of the capital stock,' except in the very smallest banks where the requirement is five shares, and that each director shall make oath 'that he is the owner in good faith and in his own right, of the number of shares of stock required by this title, subscribed by him or standing in his name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan or debt.'

"If it is right to require this of directors, why is it not both wise and prudent to require that the stockholders in an institution which trades upon credit based upon the stockholders' liability, shall at all times own in good faith and in their own right the number of shares standing in their names respectively, and that such shares, or the evidences of them, be not hypothecated or in any way pledged as security for any loan or debt?"

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

FORGED CHECK — DUTY OF DRAWEE BANK TO KNOW DRAWER'S SIGNATURE — GUARANTY OF INDORSEMENTS.

NATIONAL BANK OF ROLLA vs. FIRST BANK OF SALEM.

SPRINGFIELD COURT OF APPEALS, MISSOURI, FEB. 7, 1910.

Where a bank on which a check is drawn pays the same to *bona fide* holder, it cannot recover back the money upon discovering that the signature of the drawer is a forgery.

This rule has not been changed by the Negotiable Instruments Law.

The words "indorsement guaranteed" stamped on the back of a check applies only to indorsers, and cannot be relied upon by a drawee bank as guaranteeing the signaure of the drawer.

GRAY, *J.:* On September 23, 1907, one Martin L. Chambers, representing himself to be one J. B. Ragan, presented to defendant a check for the sum of $42, purporting to have been drawn on plaintiff in favor of said J. B. Ragan, by one H. W. Lenox, depositor of the plaintiff. The bookkeeper of defendant did not know any of these parties personally, but cashed the check without requiring any identification of Chambers. The defendant then sent the check to its correspondent, the Third National Bank of St. Louis, and through that bank presented the same to plaintiff for payment.

When the check was presented to the plaintiff, the cashier thereof knew that the signature thereto was not the signature of H. W. Lenox, but knowing Ragan and Lenox, and knowing that they dealt a great deal in live stock together, and noticing that the defendant had guaranteed the indorsement thereon to be the indorsement of Ragan, concluded that the check was genuine, and remitted the amount thereof to the Third National Bank of St. Louis, and the same was placed by that bank to the credit of the defendant. Soon after the 1st of October, the plaintiff's cashier sent to Lenox his paid checks for the month of September, included among

which was this check. Lenox discovered that this check was a forgery, and returned same to plaintiff with notice of that fact, and he was given credit for the amount of this check.

The plaintiff then wrote defendant that this check was a forgery, and that inasmuch as plaintiff had honored the same on the strength of defendant's indorsement and guaranty that the indorsement of Ragan was genuine, the defendant should refund the amount of said check to the plaintiff. After several days' delay, defendant notified the plaintiff that the amount of the check would not be refunded, for the reason that it considered it was not liable. Plaintiff brought this action before a justice of the peace to recover the amount of the check. The plaintiff appealed from the judgment of the justice, and on October 29, 1908, the cause was tried in the circuit court of Dent county, and judgment was rendered for defendant, and plaintiff appealed to this court.

The plaintiff's petition alleges that both parties, at the dates mentioned in the petition, were banking corporations, and on September 26, 1907, defendant, through its correspondent, presented to plaintiff for payment a check for the sum of forty-two dollars, purporting to be drawn on the plaintiff by one H. W. Lenox, in favor of one J. B. Ragan, and purporting to be indorsed by the said Ragan, and which said check had been duly indorsed by the defendant, and previous indorsements thereon in writing, guaranteed by the defendant, and relying upon the indorsement of said check by the defendant and defendant's said guaranty, and believing that by reason thereof it was genuine, cashed said check and paid the amount thereof to the defendant; that after it had cashed said check and paid the proceeds to defendant it discovered that the said check was forged, and thereupon it caused due notice to be given to defendant in writing, and demanded of it the payment of the amount of said check, and that defendant refused to pay the same, and asked for judgment for the amount of forty-two dollars.

It will be noticed that no allegation of negligence on the part of the defendant in cashing the check for Ragan is made in the petition, and the instruction asked by the plaintiff and refused by the court presented the issue as alleged in the petition. In other words, the question of the negligence of the defendant in cashing the check for Ragan was not submitted either in the petition or the instruction. There are but two reasons alleged for a reversal of the judgment, and they are: Because the court erred in refusing an instruction asked by the plaintiff; and, because under all the evidence in the case, the judgment should have been for the plaintiff.

The question presented here may be submitted in the following language: If B representing himself to be A presents to C's bank a check purporting to be signed by D, payable to A, and drawn on E's bank, of which D is a customer, and C's bank cashes the check and sends it for collection to E, who, when it is presented, pays the same and charges it to D's account, and at the time of said payment E has reason to believe that the signature to the check is not D's, can E sue C for the amount of the check, upon learning that D's name was forged to the check, and showing that C had sent the check for collection, and that the money paid by E at the time it cashed the check had been received by C?

The question has been answered in the negative many times in the courts of this country. Since the case of Price vs. Neal, 3 Burrows, 1,355, decided by Lord Mansfield in 1762, the general rule has been that when the drawee of a check or bill pays the same to a bona fide holder, such drawee cannot recover the money back upon discovering such check or bill to be a forgery. Many of the text-writers on negotiable instruments declare that when a bank, upon which a check is drawn, pays it upon the forged signature of the drawer, the money can be recovered as paid under mistake of fact. (Story on Promissory Notes, §§ 379-529; 2 Parsons on Notes and Bills, 80.) Others, while

recognizing a different rule, incline to the opinion that the one just cited is the most equitable. (2 Daniel on Negotiable Instruments, c. 48, § 13.)

Whatever the text-writers may think and declare the law to be, a long line of cases sustain the proposition that as between the drawee and the holder of a check the drawee bank is to be deemed the place of final settlement where all prior mistakes and forgeries can be corrected and settled at once, henceforth and forever more; and, if overlooked and payment is made, the chapter is closed and there can be no recovery over. (Price vs. Neal, 3 Burrows, 1,355; Redington vs. Woods, 45 Cal. 406; Bank vs. Ricker, 71 Ill. 439; First National Bank of Chicago vs. Northwestern National Bank, 152 Ill. 296; National Park Bank of New York vs. Ninth National Bank, 46 N. Y. 77; Ellis vs. Trust Co., 4 Ohio St. 628.)

Judge Allen, in Bank vs. Bank, 46 N. Y., loc. cit. 80, states the rule in the following clear language: "For more than a century it has been held and decided, without question, that it is incumbent upon the drawee of the bill to be satisfied that the signature of the drawer is genuine; that he is presumed to know the handwriting of his correspondent; and, if he accepts or pays a bill to which the drawer's name has been forged, he is bound by the act, and can neither repudiate the acceptance nor recover the money paid."

In Price vs. Neal, which was a similar action, Lord Mansfield stopped the counsel for the defendant, saying that it was one of those cases that never could be made plainer by argument; that it was incumbent upon the plaintiff to be satisfied that the bill drawn upon him was the drawer's hand, before he accepted and paid it.

In the case of Ellis vs. Trust Co., supra, the doctrine as announced in Price vs. Neal, is reviewed, approved, and a long list of authorities cited in support thereof, and among these authorities will be found the case of the Northwestern National Bank vs. Bank of Commerce, 107 Mo. 402. This doctrine is founded by many courts, upon the thought that the drawee bank is conclusively presumed to know the signatures of its depositors. Upon examination of the authorities, this, however, is too narrow a basis. The courts that declare the rule as above stated put it upon the theory that the rule is demanded by the necessities of business in these times when the currency of the commercial world is composed so largely of checks and drafts.

There is another line of decisions that state the rule as follows: The drawee of a forged check, who has paid the same, may, upon discovery of the forgery, recover the money paid from the party who received the money, even though the latter was a good faith holder, provided the latter has not been misled or prejudiced by the drawee's failure to detect the forgery, and the burden of showing that he has been misled or prejudiced by the drawee's mistake rests upon him who claims the right to retain the money. (First National Bank of Lisbon vs. Bank of Wyndmere, 15 N. D. 299.)

In speaking of the doctrine declared in Price vs. Neal, and other cases above cited, Judge Engerud, who wrote the opinion in First National Bank vs. Bank of Wyndmere, said: "This doctrine is fast fading into the misty past where it belongs. It is almost dead, the funeral notices are ready, and no tears will be shed, for it was founded in misconception of the fundamental principles of law and common sense. Most of the courts now agree that one who purchases a check or draft is bound to satisfy himself that the paper is genuine; and that, by indorsing it, or presenting it for payment, or putting it into circulation before presentation, he impliedly asserts that he has performed this duty."

And in support of his position, cites a number of late cases, and finally concludes that the great weight of authority is between the two propositions; that is, that notwithstanding the payee has accepted the check and paid it, yet if it is afterwards discovered to be a forgery and the purchaser of the check took it from a stranger, without making proper

inquiry as to his identity, the payee can recover from the purchaser the amount of the check. The courts adopting the theory that the payee can recover where it is shown that the purchaser of the check was guilty of negligence in taking the same are numerous, and among them are the following: First National Bank vs. First National Bank, 151 Mass. 280; Ford vs. Bank, 74 S. C. 180; Canadian Bank vs. Bingham, 30 Wash. 484; Bank vs. Bank, 22 Neb. 769. The latter doctrine is well stated in Ford vs. People's Bank, as follows: "We think the true rule is found stated in the case of National Bank vs. Bangs, 106 Mass. 441 [8 Am. Rep. 349], and National Bank vs. Bank, 151 Mass. 280. The language of the court in the last-cited case, after stating that the presumption is that the drawee bank knows the signatures of his own customers, is as follows: 'This presumption is conclusive only when the party receiving the money has in no way contributed to the success of the fraud or the mistake of fact under which the payment has been made. In the absence of actual fault on the part of the drawee, his constructive fault in not knowing the signature of the drawer and detecting the forgery will not preclude his recovery from one who took the check under circumstances of suspicion without proper precaution, or whose conduct has been such as to mislead the drawee, or induce him to pay the check without the usual inquiry against fraud. Where a loss which must be borne by one of two parties alike innocent of the forgery can be traced to the neglect or fault of either, it is reasonable that it should be borne by him, even if innocent of any intentional fraud through whose means it has succeeded.'"

The different doctrines are well stated by the different opinions of the judges of the Supreme Court of Minnesota, in the case of Germania Bank vs. Boutell, 60 Minn. 189, 62 N. W. 327, and for further information upon these points, reference is made to that case. In nearly all of the authorities where opinions are cited to sustain the different theories, the case of the Northwestern National Bank vs. Bank of Commerce, 107 Mo. 402, is cited in support of the doctrine, that it is the absolute duty of the payee to ascertain at his peril when a check is presented for payment, purporting to be drawn by a customer of his bank, whether or not it is the genuine signature of the customer, and if he cashes the check all rights against any person except the forgerer are forever barred. But upon reading the case of Bank vs. Bank, 107 Mo. 402, it will be found that the question of negligence on the part of the purchaser of the check is made a material issue in the case. In addition to what we have said, attention is called to the case of Bank vs. Bank, 15 N. D. 299, 108 N. W. 546, supra, as found in 10 L. R. A. (N. S.) 59, 125 Am. St. Rep. 588.

In Bank vs. Bank, 109 Mo. App. 665, the Kansas City Court of Appeals, in an opinion by Judge Broaddus, declares the rule to be that when the payee pays a check purporting to be drawn upon its bank by one of its customers its right of action against any other parties to the check is gone, unless it can be shown that the purchaser was guilty of gross negligence, and that a purchaser is not guilty of such negligence as to authorize a recovery against him from the fact that he has knowledge of circumstances sufficient to put a prudent man on inquiry. This authority goes much further in regard to the notice necessary to make the purchaser guilty of negligence than most any other case recognizing the negligence doctrine.

From a review of these authorities, we are satisfied that leaving out of view our negotiable instrument act of 1905 (Laws 1905, p. 243 [Ann. St. 1906, §§ 463—1 to 463—197]), the great weight of the modern cases sustains the theory that the payee cannot recover from the purchaser without basing his action upon the negligence of the latter. In Germania Bank vs. Boutell, supra, the demurrer to the petition was sustained because there was no allegation of negligence on the part of the defendant. Also, in Ford vs. Bank, supra, demurrer was filed to the petition and sustained by the court because the petition

did not allege any negligence of the defendant.

Under the allegations of the petition in this case, the defendant was not liable. Stout vs. Benoist, 39 Mo. 277, 90 Am. Dec. 466. In that case the court said: "The acceptor of a forged bill is bound to know the handwriting of the drawer; and if he has accepted and paid the bill to a holder bona fide and for a valuable consideration, he cannot recover back the money. Where persons are equally innocent, and one is bound to know and act upon his knowledge, and the other has no means of knowledge, it would be unjust to burden the latter with a loss for the purpose of exonerating the former." The court did not err in refusing the plaintiff's instruction, as it also left out the question of negligence on the part of the defendant.

In addition to the authorities, the negotiable instrument act of 1905 contains the following sections:

"Sec. 62. The acceptor, by accepting the instrument engages that he will pay it according to the tenor of its acceptance; and admits: The existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument; and the existence of the payee and his capacity to endorse."

"Sec. 188. Where the holder of a check procures it to be accepted or certified, the drawer and all indorsers are discharged from liability thereon."

Judge Broaddus in Bank vs. Bank, 109 Mo. App. 665, in answer to the argument that absolute payment was not an acceptance, said: "An acceptance binds the acceptor to pay the bill, and he cannot be heard to deny that he has funds in his hands for the purpose. A payment of the bill is more than an acceptance, for the one is an obligation to pay; the other a discharge of the indebtedness represented by such bill. If the one concludes the drawee it is inconceivable why the other would not."

We fully concur in the views of Judge Broaddus, as quoted above. If a mere promise to pay a check is binding on the bank, why should the absolute payment of the check not have the same effect? The adoption in this and other States of our negotiable instrument law was for the purpose of having in the statutory laws of the States a uniform law in regard to commercial paper.

A confusion was known to exist on many of the everyday transactions concerning such paper, and it may be said that there was no question upon which the courts were more in conflict than upon the question involved in this case. After a careful examination of the new law, we are inclined to believe that it was intended to adopt the law as declared in Price vs. Neal, supra. In support of our views, we are sustained by the late case of Title Guarantee & Trust Co. vs. Haven, 126 App. Div. 802, 111 N. Y. Supp. 305, wherein the court, in construing section 62 of our negotiable instrument act, said: "A bank which pays a check purporting to be drawn on it by one of its depositors, guarantees the existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument, and, where such signature is forged, cannot recover back the amount from the person to whom it was paid, although the position of the parties to such person has not changed in any respect."

The appellant, however, contends that because the check was indorsed, "Endorsement guaranteed. Pay any National or State Bank or Order. The First National Bank of Salem. W. J. Bennett, Cashier," that it had the right to rely upon this guaranty, and that its suit is maintained thereon. Such an indorsement is only an indorsement for collection, and does not transfer the title to the indorsee. (Bank vs. Bank, 109 Mo. App. 673, 83 S. W. 537.) And the guaranty only applies to the indorsers, and does not protect the payee against the risk of cashing a check to which the maker's name is forged. (See authorities cited on other points in this opinion.)

There is another element in plaintiff's case disclosed by the evidence,

which, under all the authorities, precludes its right to recover in this case. It stands admitted that when the check was presented, the officer of plaintiff who paid the same knew that the signature was not that of the bank's customer. With this knowledge, the plaintiff could not cash the check and hold the defendant for money received thereon.

After a thorough examination of the law as it existed prior to our negotiable instrument act, and as changed by that act, we are satisfied that the court committed no error in refusing plaintiff's instruction, and that upon the allegations of the petition the plaintiff was not entitled to recover, and the judgment of the trial court will be affirmed. All concur.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

CHOSE IN ACTION—ASSIGNMENT OF—NOTICE TO DEBTORS—RIGHT OF ASSIGNEE TO MONEYS COLLECTED BY ASSIGNOR AND HANDED OVER TO ANOTHER CREDITOR—ESTOPPEL BY CONDUCT—DUTY OF ASSIGNEE TO NOTIFY OHER CREDITORS OF THE ASSIGNMENT.

BANK OF BRITISH NORTH AMERICA VS. WOOD (19 Manitoba Reports, 633).

The plaintiffs had an assignment from one Thomas of all his book debts, notes and other choses in action as security for their claim, but did not notify the debtors or any other creditors of Thomas although they knew there were such creditors. They allowed Thomas to collect the accounts and pay over the proceeds to them. The defendants, not knowing of the assignment, and having a large claim against Thomas, induced him to allow them to receive the proceeds of the collections of some of the debts and a number of the promissory notes covered by the assignment, and the plaintiffs brought this action to recover these moneys and notes including some received after notice of the plaintiffs' claim.

Held, that the defendants were equitable assignees of all such moneys and notes as they had reduced into possession before receiving notice of the assignment and were entitled to retain them, but that the plaintiffs were entitled to judgment for all collections of book debts made by the defendants after receipt of such notice.

Held, also, that there was no estoppel against the plaintiffs by reason of their failure to notify the defendants of their assignment.

On August 28, 1907, one J. E. Thomas, trading as Anderson & Thomas, and carrying on, at the city of Winnipeg, a retail hardware business, being then largely indebted to the plaintiff bank, and the bank having demanded security, executed to the bank an assignment in writing of his bills receivable and book debts. Thomas himself says that he also assigned to the bank everything he had, consisting of life insurance, fire insurance and real estate. It does not appear, however, that the bank had any assignment of the stock in trade in the store.

Thomas, by this assignment, irrevocably appointed the bank and its manager for the time being, at Winnipeg, his attorneys to grant and execute during the continuance of the security all such further assignments and transfers to the bank as the bank might deem necessary.

It appears at this time that Thomas was quite heavily involved, not only to the bank but to various wholesale merchants from whom the retailer bought in the ordinary course of business. The officers of the bank and Thomas thought that if he continued to carry on his business he might be able to weather the storm by paying his creditors from time to time a portion of his existing indebtedness and perhaps that business would improve. The arrangement then made with the officers of the bank was that Thomas should still to carry on business practically as though no assignment of these book debts and other securities had been made; that he was to collect all moneys and deposit them in a current account, against which he was permitted to draw checks and make payments to his various creditors as he

saw fit. The bank, however, was to be furnished with a monthly statement showing the details of his accounts receivable, and these were furnished by Thomas to the bank from time to time.

From that time onward no further advances were made by the bank to Thomas. He was permitted to deposit his moneys in what is termed a current account and he was permitted to check these out as he desired.

It seems, however, to have been the desire of the bank that all moneys so collected should be deposited in this account so that they could observe the nature of the withdrawals. The bank did not notify any of Thomas' debtors, neither did they perform any act or do anything towards further perfecting the assignment, other than to receive the monthly statements from time to time of the details of the accounts owing.

At the time of this assignment to the bank, Thomas owed the defendants over $3,000, and the trial judge is of the opinion that the bank was aware of this indebtedness and that if Thomas continued in business his indebtedness was likely to increase. Wood & Co. contended that the increase in the credit extended to Thomas would not have been allowed had they been aware of the assignment to the bank. Afterwards Wood & Co., being the largest creditor, insisted on Thomas sending out collectors to get in his accounts and that the money so collected should be paid over to them, Wood & Co. It was the money so collected and received by Wood & Co. that was sued for in this action. Later Wood & Co. demanded from Thomas an assignment of his book debts to them, and he thereupon told them of the assignment to the bank.

At the trial the defendants allege that the bank knew that Thomas was making payments to them and that the official of the bank had told Thomas not to give everything to Wood & Co., but to give everybody a little. After becoming aware of the assignment to the bank, Wood & Co. supplied further goods to a very small amount. It was not until after Thomas had made an assignment for the benefit of creditors that the bank notified the various debtors of the assignment of the book debts to them.

Judgment (Metcalf, *J.*): The plaintiff brought this action alleging a fraudulent scheme and conspiracy between Geo. D. Wood & Co. and Thomas to deprive the bank of the moneys collected and the notes received. The defendants countered that the claim that the assignment to the bank was fraudulent and preferential. After more mature consideration, both parties abandoned these claims.

The assignment to the bank, therefore, stands, and the bank claims that the moneys belonged to it at the time they were received by the defendants, and, therefore, all moneys and notes must be delivered up. As to the moneys, the defendants say that the bank, under the circumstances, after allowing Thomas to continue to trade and purchase additional large quantities of goods, and to make the representations usually made by a trader to the wholesaler, and especially the representation that the bank was permitting him to dispose of his moneys as he saw fit, and knew of the arrangement with the defendants and did not object, ought not now to be heard to say either that Thomas had not authority to make the payments or the representations.

Regarding the notes, they further urge that they are bona fide holders for value without notice.

I must confess that at first I was impressed with the defendants' right to urge estoppel. Mr. Ewart, in his work on Estoppel, at p. 143, says that there are many cases in which, a creditor having actually been deceived by the appearance of ownership, estoppel against the true owner has been declared. To them there can be no objection, but there are some in which the presence of that factor has not been thought to be essential. He refers to the case of Troughton vs. Gitley, Amb. 630. In that case a bankrupt bought his estate from his assignees, but did not get his discharge; he continued to trade and afterwards failed, and it was held that

the creditors under the second bankruptcy were to be preferred to those of the first upon the principle that they knew the bankrupt continued to trade and that the effects were delivered over to him and that he was trading with a multitude of persons, and that in order to do so it was necessary that he should take as well as give credit, and that such dealing fell within the principle that if a man, having a lien, stands by and lets another make a new security, he shall be postponed.

Upon consideration, I do not think the principle applies. There is here neither a subsequent encumbrance nor any question between trustees and creditors. The bank had the right to take the assignment. While it is perhaps true that the defendants would not have made further advances if they had knowledge of the assignment, I do not think that a duty was thrown upon the bank to notify the general creditors of the fact so as to create an estoppel.

While I must, I think, infer from the facts that the bank had knowledge that the traders would, in the ordinary course of business, obtain credit from the wholesaler, yet it is not unfair to assume that the wholesaler might reasonably expect that the trader might also make an assignment to the bank to which he was so heavily involved. They knew where the trader carried his bank account and might have made inquiries. Instead of making specific inquiries of the bank, the defendants wait until most of the additional advances were made and then a general question was put by Mr. McBride of the defendant company to an accountant of the bank as to the state of the bank's account. I cannot find any estoppel created by the answer then made. If the defendant, before making the advances, had inquired of the bank as to any such assignment and had been misled or misinformed, it might, perhaps, have supported the defendants' contention.

However, the bank slept on its rights, In the meantime, Wood & Co., before notice of the assignment to the bank, had received the $600. The bank's claim for this was abandoned at the trial.

I think the defendants must be considered as equitable assignees of these notes and items and that, having reduced the notes and moneys into possession before notice of the plaintiff's claim, the plaintiff cannot recover as to these.

I think the plaintiff must succeed, however, as to the other items claimed.

There will be judgment for the plaintiff as claimed, less the $600 and the items mentioned. The plaintiff to have the costs of the action.

PROMISSORY NOTE—INDORSER —BILLS OF EXCHANGE ACT, R. S. C., 1906, c. 119, s. 131— *HOLDER IN DUE COURSE— ESTOPPEL.*

KNECTEL FURNITURE COMPANY VS. IDEAL HOUSE FURNISHERS, LIMITED (19 Manitoba Reports, 652).

Under Section 131 of the Bills of Exchange Act, R. S. C. 1906, c. 119, a person who indorses a promissory note not endorsed by the payee at the time may be liable as an indorser to the payee.

Difference between above section and the corresponding section (56) of the Imperial Act pointed out.

Although the defendant company had made the note in question in pursuance of an agreement to assume the debt of another to the plaintiff company; yet, as there was a good and valuable consideration given for that assumption, the plaintiffs were holders in due course and the defendant company was liable upon the note.

The other defendants being directors of the defendant company, having indorsed the note and induced the plaintiffs to enter into and perform the agreement in consideration of which the note was given, were estopped from disputing the validity of this transaction or setting up that the defendant company had not power to give the note; Bills of Exchange Act, s. 133.

THIS is an appeal from the judgment of Mr. Justice McDonald in favor of the plaintiffs in an action on a promissory note for $4,000, made by the defendant company in favor of the plaintiffs and indorsed by the other defendants.

The defense was that the note was

made and executed by them as an accommodation to the plaintiffs and that there was no consideration for the payment thereof; in the alternative that William Grundy and C. F. Grundy were indebted to the plaintiffs in the sum of $4,000, and the note in question was given by the defendant company for the purpose of assuming the debt of the said William Grundy and C. F. Grundy to the plaintiffs and that the making of the same by the company was illegal and beyond the powers of the company and of the officers or directors who signed or authorized the making of the said note, and, further, that the assumption of the debts of others is beyond the powers of the company. All the defendants admit the signatures on the note to be theirs, but allege that they indorsed the note as a guarantee to the plaintiffs under the following circumstances: That one Grundy was a stockholder in the defendant company and his stock was not paid up; that the plaintiffs agreed to make a loan of $4,000 to him to enable him to make payment on his stock in the said company of that amount and that he agreed to give security therefor. That this loan was made by means of $4.000 of merchandise which the plaintiffs agreed to deliver to the said Grundy and the latter proposed to deliver to the defendant company the said merchandise in payment of and on account of his capital stock in the company, and that the note in question was given as such security and accommodation and not otherwise, but the plaintiff company, contrary to the said agreement, did not deliver to the said Grundy the $4,000 worth of merchandise nor any merchandise, nor did they or he deliver the same to the said company, and that the making of the said note and the indorsements thereof were made without any consideration.

The defendants, indorsers, other than the defendant Moore, further repudiate liability as indorsers by reason of the fact that the note is not complete and regular on its face, that they are not indorsers liable in the sense in which indorsers of a note complete and regular would be. The irregularity claimed is that plaintiffs, being payees of the note, must first indorse to make the note negotiable and hold indorsers liable.

JUDGMENT (HOWELL, *C.J.A.;* RICHARDS, PERDUE and CAMERON, *J.J.A.):* It was contended that, because the note was made payable to plaintiffs and indorsed by the directors before delivery to or indorsement by the payees, the directors were not liable upon their indorsements.

Robinson vs. Mann was followed by the Ontario Court of Appeal in McDonough vs. Cook, 19 O. L. R. 267. In the last mentioned case, Maclaren, J. A., points out the difference that exists between section 56 of the Imperial Act and the corresponding section of the Canadian Act. Section 131 of our Act reads: "Where a person signs a bill otherwise than as a drawer or acceptor, he thereby incurs the liabilities of an indorser to a holder in due course, and is subject to all the provisions of this Act respecting indorsers." The portion of the section following the word "course" is not contained in the Imperial Act.

It was argued that the plaintiffs in this action were not holders in due course. The trial Judge has found that there was ample consideration given by the plaintiffs for the note, and I see no ground for disturbing his finding upon that point. The evidence also shows that the plaintiffs took the note in good faith and pursuant to a clear and well understood arrangement between the defendants, including their indorsers. Under the effect of section 2, sub-section (g) and section 56 of the Bills of Exchange Act, the plaintiffs became holders in due course.

It was urged on behalf of the appellant that the note sued upon was made by the defendant company for the purpose of paying a note made by Grundy in favor of the plaintiffs to secure a loan made to Grundy, that the company had no power to assume the debt of a third party, and that if the company is not liable the indorsers are not. The transaction, which resulted in the giving of the note, formed the subject of consid-

erable correspondence and negotiation between the plaintiffs and the directors of the defendant company. It was discussed at meetings of the directors and ratified by resolution. The consideration for assuming the indebtedness upon the Grundy note was that the plaintiffs should subscribe and pay for $5,000 in stock in the defendant company. The plaintiffs subscribed for and paid up the stock in full.

Whatever objection might be taken by the defendant company as regards its liability, I think the directors who indorsed the note are estopped from disputing the validity of the transaction, both by their indorsements and by the part they took in entering into the agreement with the plaintiffs and in inducing the plaintiffs to perform it upon their part: Bills of Exchange Act, s. 133.

The appeal should be dismissed with costs.

Appeal dismissed.

CONTRACT—EQUITY RUNNING WITH — OFFSET — ACCOUNTING—FORM OF ACTION.

THE ROYAL BANK VS. SCHAFFNER (44 Nova Scotia Reports, 89).

Defendants purchased from P. a quantity of saw logs in the Meander river, estimated at 500,000 feet, for the price of $5 per thousand feet and in connection with the purchase accepted an offer of P. to cut and haul the lumber for $3 per thousand additional.

Defendants made advances to P. in connection with the contract and subsequently accepted an order in favor of the plaintiff bank for any balance due P. on account of the logs purchased and the sawing and hauling thereof after payment of defendants' account.

The quantity of logs in the river fell largely short of that estimated, and there was a breach on the part of P. of the contract to saw and haul which made it necessary for defendants to have the work done by others at an increased cost.

Held, that this was an equity running with the contract and that defendants were entitled to offset the payments made by them resulting from the breach of contract on the part of P.

With respect to another lot of logs there appears to have been an agreement that P. should do certain work, and that defendants should supply funds, and that P. should share in any margin after disposal of the lumber.

Held, that the most that P. would be entitled to under these circumstances was an accounting, and that plaintiffs could not recover in their action, as framed, as assignees of P., for lumber sold and services and supplies furnished.

Such further facts as are not set down here will be found in the judgment given below.

JUDGMENT (TOWNSEND, *C.J.;* GRAHAM, *E.J.,* and MEAGHER, DRYSDALE and LAURENCE, *J.J):* The judgment of the Court was delivered by Mr. Justice Drysdale.

Dealing first with the Meander River logs, I think the true construction of the contract between Prince and the defendant, relating to such logs, was a sale of all such logs in the river at five dollars per thousand, as were then actually there. After conversation relating to such logs, Prince, by a letter dated August 13, says: "I enclose the bill for the logs, and I can meet Mr. Adams by appointment to take delivery of them."

The bill is dated August 13, 1904, and is as follows:

August 13, 1910.

Messrs. I. B. Schaffner & Co.:

500,000 feet of spruce and hemlock logs now lying in the Meander River, above Parker's Mills, at Upper Kennetcook, in the County of Hants, at $5, $2,500.

Prince also, in the letter, offered to saw and haul the lumber from saw logs at three dollars per thousand.

To this letter the defendants replied as follows, under date of August 18, 1904:

Dear Sir:

Referring to our conversation of two or three days ago, we hereby confirm the purchase from you of between five and six hundred thousand feet of spruce and hemlock logs, now in Meander River, Upper Newport, in the County of Hants, at $5 per thousand, and the same has been placed to your credit as per your invoice of August 13. These are the logs which our Mr. Adams examined on the sixteenth and took possession of.

We accept your offer of $3 per thousand for sawing the same, and we understand you will put them f. o. b. cars at not more

than fifty cents per thousand extra. The cost of the sawing and loading will be paid as soon as the logs are sawed and delivered, and we will instruct shipment as fast as the sales are made. We wish to have part of these manufactured as fast as possible in order that we may place them on the market. Will you please advise us how soon you can commence sawing.

Also please confirm this sale and agreement by return mail. We will accept the draft on account of the purchase for the amount agreed upon, and when it is sawed and disposed of we will settle the balance.

Yours truly,

———.

Then Prince, under date of August 20, wrote defendants, referring to said letter of the 18th, saying:

I hereby confirm the sale and purchase of the logs in the Meander River, and will begin sawing as soon as possible.

I think the 500,000 mentioned in the so-called bill, or invoice, of August 12 must be considered only as an estimate, and that Prince would be entitled to recover on such contract the actual quantity then in the river at five dollars per thousand, and it imposed an obligation upon Prince to saw and haul the lumber for the price stipulated therefor in the contract.

On September 24, 1904, Prince, by an order on defendants, directed them to pay plaintiff bank any balance due (after payment of his account) on account of saw logs so purchased under agreement of August 18, 1904. On its face this order was accepted in terms as follows: "Accepted October 5, 1904, as per our letter this date," and in the letter here referred to defendants say they return accepted order for any surplus proceeds over and above the amount of their account against Prince, express a hope there was as much lumber as Prince claims, and state to the bank that in the meantime they have put up more money to saw and market the lumber.

At this date (the date of the acceptance) the defendants had advanced Prince $2,125.74, and the question before us is whether, in the proof of this action, more than this sum is due and payable by defendants to plaintiff under such contract. According to the finding of the learned trial judge, the logs in the Meander fell short of the estimated 500,000 about 85,000, and according to this finding the state of Prince's account at that time with the defendants would entitle plaintiffs to recover three dollars and thirty-nine cents, provided no deductions are entitled to be made by reason of Prince's breach of contract to saw and haul. There was an undoubted breach in this respect, and defendants being obliged to get such work done, and having suffered a loss as compared with Prince's three dollars contract to saw and haul, a loss amounting to about $300 the question is, can such deduction be made? I think it can. It was an equity that ran with the contract. It was part of the contract that Prince should saw and haul, and in the equitable assignment to the bank they merely took the balance due as per contract, of which express mention was made in the order.

I see no reason to disturb the learned judge's finding as to quantity. In fact, plaintiffs offered no evidence of quantity except such as is obtained through the medium of defendants, their books and sales. On this branch, in my opinion, the action fails.

As to the Northover logs, so-called, the plaintiff sues under an assignment from Prince for supplies and work and labor furnished and performed by Prince. I think it very clear under the evidence that there can be no remedy in this form of action, and that Prince could not recover for such supplies and labor. The most that he would be entitled to is an accounting. This claim was not made either below or before us, and I think the action as framed fails. It seems clear that any rights that Prince may have in respect to such logs is based on an agreement under which he was to do a certain amount of work, the defendants furnish the moneys and other outlay, and if any margin were made after the disposal of the timber he was to share in such margin. Counsel for plaintiffs insist he was not to furnish supplies, and that he or his assignee ought to recover for some sup-

plies furnished in connection with his work in respect of said logs. Any such supplies as he alleges were furnished were not supplied at defendants' request. They were used by him in the work of the joint venture, and in my view are only a proper matter of accounting in connection with the result of the venture.

No doubt an accounting was not asked for because it is apparent that there was a loss on the Northover venture and the accounts as presented show an adverse balance against Prince.

I am of opinion the action fails and that the appeal ought to be dismissed with costs.

The other members of the Court concurred.

Appeal dismissed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

PROMISE OVER TELEPHONE TO PAY CHECK

Sioux Falls, S. D., Sept. 24, 1910.

Editor Bankers Magazine:

Sir: Will you kindly inform me whether under the following circumstances, a bank would be held liable for certification?

"A," a banker living in Sioux City, telephones an officer of the bank of "B" at Cherokee after banking hours, the phone connection being made at "B's" home, asking whether "C's" check on the bank of "B" is good for a certain amount. The banker at "B" says the check is good and the same was good at that time, but prior to the presentation of the check the funds were reduced to such amount that there was not enough necessary to pay the check and the same was refused for non-payment. Can "A" hold "B" for certification of this check?

Assistant Cashier.

Answer: It would seem to be clear that this would not amount to a certification binding upon the bank. A certification is equivalent to an acceptance, and the statute of South Dakota requires all acceptances to be in writing. In Nat. State Bank of Camden vs. Lindeman (161 Pa. St. 199), the defendant claimed that the bank was liable on a verbal promise made by its president to pay a check drawn by one of its depositors. The court said: "The affidavit of defense alleges that the president of the bank substantially accepted it and promised to see it paid if the holder would retain it for a few days. We are clearly of opinion, however, that the act of May 18, 1881, P. L. 17 Purd. 188 pl. 2, applies to that aspect of the case and defeats any right of action. The act expressly declares that no person within this State shall be charged as an acceptor of a bill, draft or order for the payment of money exceeding $20.00, unless his acceptance shall be in writing, signed by himself or his lawful agent." See also Maginn vs. Dollar Savings Bank, 131 Pa. St. 362. And the same rule was applied in cases arising under the former New York statute.

In Duncan vs. Berlin (60 N. Y. 151) the payee of a check called at the bank on which it was drawn, and was advised that "the check was in order and would be paid," and the payee, without requiring a written acceptance, took the check away and deposited it in his own bank. Before the check was presented for payment, the drawer's account was levied upon by the sheriff under a writ of attachment. The Court of Appeals held that the bank could not deduct this check from the balance to be turned over to the sheriff, since the oral promise did not bind the bank as acceptor. The Court said: "A check is said to be a bill of exchange payable on demand. The drawee owes no duty to the holder until the check is presented and accepted. The statement of the holder that the check was in order and would be paid before the attachment was served is of no avail. A parol acceptance is not valid. (I Rev. Stat. 768.) The promise did not bind the bank, and no action would lie upon it in favor of the holder."

And in Risley vs. Phenix Bank (83

N. Y. 318), which was likewise a case where an attachment had been served after an oral promise by the bank to pay a check, the Court said: "The check was a bill of exchange, within the statute that no person shall be charged as an acceptor of a bill of exchange, unless his acceptance shall be in writing; and the defendant not having made a written acceptance of the check, no right of action accrued thereon to the plaintiff by reason of the verbal promise to pay the check made by the defendant on its presentation."

In Bank of Springfield vs. First Nat. Bank of Springfield (30 Mo. App. 271), the defendant received from a correspondent a draft drawn on M., who tendered to the defendant in payment of the draft a check drawn on the plaintiff bank. M.'s financial standing was not good, and he was distrusted by the officers of the defendant, who, therefore, judged it prudent before receiving the check to inquire of the plaintiff bank over the telephone whether it was good. They accordingly called up the plaintiff over the telephone, and received in reply to their inquiry the statement that the bookkeeper of the plaintiff was sick, but that the plaintiff would shortly inform them whether the check was good. About ten minutes later the plaintiff called up the defendant, and stated that the check was "all right." The defendant thereupon received the check in payment of the draft, delivered the draft to M., and at once remitted the amount of it, less charges, to their correspondent at Kansas City. Before the check was presented for payment, M. failed. It was held that the statement over the telephone did not amount to a certification and bound the bank to nothing more than the truth of the statement at the time when it was made.

The court said: "The certification of checks is well known to be one of the greatest dangers to the integrity of their funds with which bankers have to contend. The power to certify checks, unless guarded and restrained, is nothing less than the power of a corrupt teller or other servant to give away the funds of the bank. Such abuses have been produced by the exercise of this power that prudent banks, as is well known, have generally discontinued the practice of certifying checks, and have substituted therefor the practice of taking up the check tendered for certification and issuing in its place their own cashier's check, which is tantamount to their own promissory note.

"The assets of a bank are a trust fund for its depositors and stockholders. If we establish as a rule of law the principle that these funds can be pledged by the parol statements of the tellers or other agents of the bank to the effect that a check held by an inquirer is good, we establish a principle which would greatly jeopardise these trust funds and which we have no doubt would startle the business community.

"In cases which involve but a small amount, like the case before us, the truth would be told by the witnesses on both sides, as it has been told here; but the rule which we make for one hundred and eighty-seven dollars would, if sound in law, be a rule for one hundred and eighty-seven thousand dollars. The result of such a rule would be that in cases involving large amounts of money the assets of a bank would become the mere sport of perjured witnesses.

"Upon any ground, then, we must hold that the statement over the telephone by the agent of the plaintiff that the particular check in question was all right, was not an agreement on the part of the plaintiff that it should be paid at all events whenever presented within the period of the statute of limitations, which, as we have seen, is the effect which the law ascribes to the certification of a check." When the case last cited was decided, there was no statute of Missouri similar to that of South Dakota, and the decision shows how reluctant the courts are to give conversations of this character the effect of a certification, even where there is no statute requiring acceptances to be in writing.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

SAVINGS BANK MEN IN LOS ANGELES

HAVING gone on record as unalterably opposed to the postal savings bank; and having fought a good, but losing fight against it, the savings bank section of the American Bankers' Association, in session at Los Angeles, October 6, had nothing more serious to engage its attention than the high cost of living and the cheap price of bonds. It could therefore occupy its time with some of the ethical and practical phases of savings banking and employ its logic in endeavoring to discern the signs of the times.

In his annual address, President Creer said:

"Our position on the subject of the postal savings bank has been misunderstood by both press and people to a considerable degree. The measure was opposed, not because we feared competition to our business on the part of the government, but for the reason that we considered it wrong fundamentally, ill-advised, unnecessary and un-American.

"The discussion of the subject has, however, been of great good, affording a better idea of the number, work and success of the various institutions for savings all over our country, one of the most important contributions to savings bank literature being a compilation by the secretary of this section of the savings deposits of the various States, and the character of the financial institutions holding them. This was so vastly different in the number of banks given and the total amount of deposits, that it came in the nature of a surprise and the article was copied and reproduced in all parts of the country.

"The postal savings bill has become a law, and as loyal, patriotic citizens it is our duty to see that the utmost amount of good shall be secured by the act, and that as little harm as possible may result. That the banking fraternity is not only willing but anxious to operate with the government in this work, is shown by the report recently made that three times as many banks had asked to be made depositories for postal savings funds as there were applications from post offices to be designated as postal banks. From the activities of our postal savings bank committee a large amount of knowledge has been given us regarding our own business. The committee has done loyal work of which we are proud, and it is deserving of great praise for its efforts.

"Following the financial disturbance of 1907-8 there has not occurred that adjustment of prices to a lower scale that usually follows a panic. On the contrary the cost of living has steadily increased. There needs must be an adjustment between prices and wages or there is a serious problem ahead for our savings depositors. Figures recently issued would indicate that savings deposits have increased largely during the past year, but a careful analysis will in many cases show that it is the amount of interest credited that increases the figures and not increased deposits. Thus, while a greater total in savings deposits is shown in some States, in reality the withdrawals have been greater than the deposits for the same period. The present situation demands greater care and conservatism than usual upon our part."

Lost Books, Dormant Accounts, Verification of Pass Books, Mortgage Loans.

Involving, as it did, the assembling of the answers to something over 12,000 questions (644 banks answering twenty questions each), the report of the auditing committee represents no little manual labor. Upwards of 1,700 savings institutions were asked to outline their methods and practices in the matter of (*a*) verification of pass books (*b*) lost

or stolen pass books; (*c*) dormant accounts; (*d*) bond and mortgage loans. Replies were received from 644 banks in forty-six states and territories. A summary of these replies affords an interesting and profitable study in practical savings bank work.

Verification of Pass Books.

"In a majority of the States there seems to be no law requiring such verification at stated periods, but in others the law is very strict and well enforced. In Massachusetts, for instance, banks are required to call in their pass books by advertisement in the newspapers every three years, and statistics show that the operation of the law is much more effective as time goes on; whereas there was much adverse criticism regarding the law at the time of its enactment, some twenty years ago, there is now almost universal commendation of it.

"A general practice, although not frequently mentioned, is to print notice on pass book or pass-book cover to the effect that interest should be written up on the book frequently and that the book should be presented at the bank at from six months to three years for that purpose. Sixty-five compare books every time presented; seventy-one when interest is added; 127 banks compare when the book is presented for that purpose, but not every time the book may come in; twenty-two take the balance on deposit slip or draft ticket and compare this with the ledger in posting; three in sending out notices asking for the presentation of the books include the ledger balance with a card to be signed and returned if the book is sent, acknowledging the balance to be correct; thirteen have verification made by auditor; forty-one pass the books through other hands than the teller, either at the time of transaction or when presented for purpose of verification. Behind all the varying practices there seems to be one controlling purpose, which is, to establish an internal audit, within the bank, by which the work of one teller, or set of tellers, shall be checked up and proved by an entirely different person or persons, who may be a subordinate clerk, a bookkeeper or a special auditor. The details of the system must of necessity vary according to the size of the banks, their activity as to number of transactions, and the convenience of operation, as regards counter room, bookkeeping space, etc., but the system should be such that, so far as possible, the work of all clerks, tellers and bookkeepers shall be checked up or proved by others, and frequent verification of pass books is an essential feature of such a system.

Lost or Stolen Pass Books.

"Four methods of protecting the bank in case of lost or stolen books are in common use, viz.: Affidavit of loss; bond of indemnity; advertisement in newspaper; notice of loss. Some banks combine two or more of these, while others use but one. Many commercial banks issue a duplicate book on mere statement of loss. Some savings banks do so upon being satisfied that a thorough search has been made for the missing book, but these are not common. The practices most in use may be classified as follows: 205 require a bond; 185 do not ask for a bond; eighty-four if occasion warrants; 193 require advertisement of loss; 345 do not; forty-four under certain circumstances; 474 issue duplicate books; 142 do not; fourteen at times. Only six banks report charging a fee for lost book, other than the cost of advertising or drawing the bond, which usually costs a nominal sum, from \$1 to \$3. The only fees reported are in one case fifty cents, one-half of which is refunded if book is found or returned. The others are twenty-five cents each, and one bank charges fee if book is closed out within thirty days.

Dormant Accounts.

"Wherever the law covers the question of dormant accounts by stated procedure, it may be taken for granted that the banks comply with the same; but in some States there seems to be a laxness on the part of the State officials and the law is more or less a dead letter. It is somewhat surprising to notice from the

tone of the answers in many cases that these dormant balances seem to be welcome and that no effort is made by the officers of the banks to avoid dormancy. Four hundred and twenty-seven banks report that their by-laws do not cover this subject, while those that have such provision conform to the State law. Two banks made mention of the fact in their by-laws that entry of interest does not operate to revive the account.

"Two hundred and sixty-seven banks report that they make systematic and continuous efforts to prevent accounts becoming dormant, and if such accounts have accumulated they make every effort by advertising, looking up names in old directories, personal inquiry, etc., to trace the depositor or representatives. A few banks take the address on every withdrawal slip and make note of this on the card record, thus keeping the lists up to date and affording a better opportunity to keep in touch with the depositor. We cannot refrain from urging the desirability of some systematic effort toward preventing accounts becoming dormant. In nearly all savings banks, where dividends are computed not oftener than quarterly or semi-annually, there are times during the year when some of the clerks can be spared from the regular work. At such times an effort could be made to reach the owners of dormant accounts without additional expense to the bank, and in our opinion results would show such efforts to have been worth while.

Bond and Mortgage Loans.

"The answers to questions concerning bond and mortgage practices are so diversified that a general summary is difficult; the following, however, may be taken as indicative of the general procedure: 138 banks take periodical trial-balances of mortgage loans; running from a daily proof to six months' periods; seventy-seven prove by checking back the postings with cash book, journal, mortgage register, or by whatever name the book of record may be called: seventy-nine compare endorsements and balance as shown by the papers with that shown by the mortgage account; nine send out interest notices stating the amount still unpaid on the mortgage, leaving it to the borrower to verify the correctness of the figures (this, of course he virtually does when he pays his interest); seventeen check this work either by the banks' auditor or public accountant, while several pass the transaction through an officer who must countersign the receipt, or who makes the entry on his own book of records. Here, as in the verification of depositors' pass books, the vital point would seem to be that more than one person should be interested in and held accountable for the proof of the mortgage loan account, *i. e.*, that the work of receiving the money for interest and principal and the bookkeeping records of those transactions should be separate and distinct and entrusted to different persons, so that the work of one is a check on that of the other.

"Receipts are quite generally given, 350 banks reporting that they do so. A few banks that take installment mortgages issue pass books for that purpose; 433 banks report that they make endorsements on the bond or mortgage note, and a few on the wrapper.

"In the matter of taxes, most banks give some attention to the payments, although a limited few pay no attention whatever to the matter. The customs in use vary only as to detail. Some banks have the records in the tax collector's office searched, either by their own representative or by the tax officials, who are sometimes paid a small fee for the labor. Other banks send a list of their mortgages to the tax department, with instructions to notify of unpaid taxes. A few banks employ a title company to do this; others, their own attorney or tax searcher. Other banks have an arrangement with the collector of taxes to present bills for unpaid taxes to the bank, the latter paying them and charging the borrower. Another method, which seems to be quite popular, but which would not be a safe practice in all localities, is to rely on the newspaper advertisement prior to the sale of the property for delinquent

taxes. A most excellent custom, and one quite common in New York, is to require tax receipts to be shown at least once in two years and generally yearly, at the time of payment of interest.

"The assessed valuations are not closely followed, and in many instances not at all; 349 banks pay no attention whatever to the assessors' valuations, and prefer to depend upon their own established values as made by their loan committee or appraiser. Eighty-two banks give heed to changes, and a very few advocate this as a criterion of value. A number of banks (principally in Massachusetts, where the State law requires it) have periodical revaluations by their own men. Reports from the West state that in many places land values are constantly rising, so that no attention need be given to depreciation, but inasmuch as the trend of development in a city or town may change materially in a comparatively short time, this would not appear to be an entirely safe practice. There is certainly much to be said in commendation of the periodical revaluation of mortgaged properties by competent and conservative appraisers,"

Bond Amortization Severely Criticized.

In speaking of "The Amortization of Bonds," John Harsen Rhoades of New York, after defining amortization to mean "the reduction of a debt through the agency of a sinking fund," and explaining the process as applied to the investment of the funds of an estate so that the principal shall be kept intact and only the interest *earned* shall be paid over to the life tenant, said:

"In the management of an estate the purpose of scientific amortization of premiums is clearly apparent. But the administration of an estate is quite a different proposition from the management of an institution for savings.

"As already explained, it is the business of the trustee of an estate—the will permitting—to pay the life tenant, when feasible, all income earned, and to preserve the principal for the remainderman, and it should be emphasized that the trustee of an estate is responsible to the remainderman merely for securities, not essentially for their cash value at the time of receipt or purchase.

"In the management of an institution for savings the paramount duty of the trustee or director is to keep the invested principal of each and every depositor as if it were cash—for deposits are a cash liability—to the best of his knowledge and belief intact, and be ready, however remote the contingency, to make a cash payment in full to each and every depositor upon reasonable if not immediate demand.

"With the stock savings bank the director is privileged to reserve out of earnings as much as he desires for stock dividends, and hence the amount of actual interest earned is of minor importance. But with the trustee savings bank there is no stock, and such net earnings should be paid to depositors as are consistent with the stability of the institution, and, inasmuch as they are not money-making concerns, competing with one another for deposits, it is obvious that the banks should unite on a dividend policy subservient to the best interests of each and all, for only on such lines can they best serve the philanthropic purpose for which they were founded—the encouragement of thrift.

The Merits and Demerits of Amortization.

"Perhaps the merits and demerits of amortization, in its application to the management of a savings institution, can best be demonstrated by carefully scrutinizing a law recently enacted in the State of New York. It is but fair to say in its defence that the savings bank law governing investments is rigid, only the purchase of the highest grade securities being permitted.

"On January 1, 1908, the country had not wholly recovered from the panic; bonds were much depressed in price; and many of our savings institutions discovered the startling fact that, if they appraised their securities at their estimated market, or probable liquidat-

ing worth, they would be unable to show a surplus. Assuming that all investments were gilt-edged, and certain to be paid at maturity, and thinking purely of dividend payments, to the exclusion of conservation of principal, they persuaded themselves and the Legislature that the old law, which demanded a semi-annual report of their condition, based upon market values, should be abrogated, and that mortgages upon real estate should be appraised at par, and bonds at basis or investment cost, adjusted to date by the gradual amortization of premiums and discounts. * * * It can be seen that under such a law no bank could report a deficit, for to all intents and purposes all securities would be appraised at cost. Nevertheless, ignoring its powers for evil, a law permitting this procedure, and called the amortization law, was enacted. To be sure, under the general banking law of the State, the Superintendent of Banking has the legal right to demand from the banks a report based upon market values. This, however, is not mandatory, and places entirely too much responsibility upon the shoulders of the superintendent. Bank superintendents are but human; many owe their appointment to banking interests; and, with the amortization law behind him, a man with political aspirations might be sorely attempted to shape his conduct so as to keep in good grace with the banks.

The Bank's Earnings.

"Gentlemen, this law, enacted at a time of stress, was advocated for two purposes, one laudable, the other not.

"Many a savings bank man thought it expedient that interest earned for a six months' period should be accurately ascertained, for the purpose of determining the proper amount applicable to dividends, or interest credits, as they are called in the East, since the law has always held that regular dividends should be paid out of earnings, and not to the detriment of surplus; and many men were of the opinion that a uniform method of computing earnings was highly desirable. The amortization law partially serves this purpose, for if we appraise semi-annual mortgages at par and securities at basis or investment cost, and adjust this basis to date by a semi-annual amortization of premiums and discounts, we obtain the actual amount earned upon the moneys invested for a six months' period; but in amortizing discounts, although theoretically it is presumed that premiums and discounts offset one another, practically we are compelled to draw upon surplus. However, when we get at the heart of the matter, the question arises, in the management of a savings bank, what essential purpose is served by knowing the actual interest earned for any given period? I do not deny that it is of academic interest and a conservative procedure; but there are times when the trustee savings institution would be entirely warranted in paying a portion of its regular dividends out of surplus—which belongs to depositors—provided the surplus be larger than necessary, and, on the other hand, there are times when the bank would by no means be justified in paying anything like the actual interest earned or even received, for the instability of the institution might demand a reduction of the dividend rate.

Amortization Attacked.

"It may be amusing, it certainly is humiliating, to observe how some of our savings institutions have defeated the intent of the law. I wish to point out that the amortization law very unwisely fails to provide that any fixed ratio of surplus to deposits shall be maintained, and explicitly states that, after the expenses and the amortization of premiums and discounts have been duly provided for, all interest earned, as nearly as may be, shall be paid to depositors, abandoning the matter of increase or reinforcement of surplus completely to the discretion of the trustee. Such being the case, a bank striving to pay larger dividends has merely to sell those securities purchased upon low bases, viz., at high prices, charge the loss to profit and loss account, and repurchase the same, or others equally

good, upon high bases. Thus a new basis or investment cost is established, and the amount of interest earned, applicable to dividends under the law, is increased. Do not misunderstand me. There are times when a shrewd banker can quite properly sell and buy bonds to advantage, but the possibility here opened of a mischievous juggling of securities and a consequent manipulation of earnings proves the futility of the law even in its most laudable purpose, the computation of earnings as a basis for a proper dividend disbursement.

"Now, if the old law demanding a periodical report of assets and liabilities, or the true condition of a bank, was abrogated, and the amortization law knowingly enacted for the purpose of hiding the deficits of the future, the proceeding was and is, so long as we supinely acquiesce, a disgrace to the State of New York. Let us charitably assume that this violation of the principles of sound banking was born of ignorance at a time of fear.

"For the purpose of establishing solvency no financial institution in the land, barring the life insurance company, has the right to appraise its bonds at basis, or investment cost, and this single financial institution is excepted only because, by means of its mortality tables, it can ascertain its liabilities, not only their amount, but their due date, with almost mathematical precision, for they are based upon a certainty—death—but the cash liabilities of a savings bank are subject to the whim of the living.

"If it be said that, in the propositions here laid down, I am theoretical and ultra-conservative, I answer that many bankers would do well to put more sound banking theories into practice; and, as for ultra-conservatism, in the handling of other people's money ultra-conservatism is a virtue.

"I have set before you these facts and possible delinquencies in no spirit of captiousness or ill-will, but merely to exemplify the indifference that exists among directors and trustees towards the principles of sound banking; men who are no more immune from their responsibilities than are the heads of the institutions. Gentlemen, apathy is the shield behind which many a man shelters his ignorance. If we do not care for responsibilities we need not assume them, but, if assumed, for the sake of those who have placed their trust in us and for our own sake, let us comprehend them. Directors need not always direct, but they should at least know how.

"We are not here to-day, I take it, for the purpose of glorifying the banking methods of this country, but rather seriously to discuss the financial problems of the hour. For, if not here, where should they be discussed? A just pride in our achievements should not blind us to our faults and weaknesses. If there are weak spots in the financial structure it is our duty to expose them, not only for our own good, but for the benefit of others.

"In closing, I desire to revert to the main subject and to repeat that, with the savings institution, the purpose of amortization of premiums and discounts, if that purpose be solely the determining of earnings, is scientifically correct, but as a guide for the declaration of dividends, such earnings at best are of little value, and of absolutely none unless we know the condition of stability of the institution, as measured by the market value of its assets.

"Three things are certain. Basis or investment cost for the purpose of establishing solvency is dangerous, for it may be used to conceal the truth. Estimated market or probable liquidating values are ignored at our peril, for they best express the facts. The absolute truth, or the positive knowledge that we can meet our obligations, can only be learned if called upon to face them.

"From all of which we can but conclude that, whatever its usefulness in other fields, in its application to such an institution as a savings bank, where deposits are a cash liability, the process of scientific amortization *may be,* and, as performed under the present savings bank laws of New York State, *it is* both a delusion and a snare.

"Gentlemen, we have in our keeping

the savings of the poor. It is a noble responsibility and a privilege to guard them."

The report of the secretary showed a membership of 1773, making a net gain of 137 members during the year. The expenses of the section were $9,034.29, out of which the committee on postal savings banks reported an expenditure of $3,151.74 in its propaganda against the bill for their establishment. This committee said on this subject:

"Thus it would seem, on the face of it, that the efforts of your committee and those who have so loyally supported its work the last few years, have been of no avail, and in a great measure this is true. However, we believe that the dignified activities of the association in carrying on this educational compaign and in presenting the situation to committees in Congress had a great deal to do in bringing about such favorable conditions as exist in the present law. Some of the evil effects resulting from the establishment of a postal savings bank system will be offset by the redepositing of funds in the communities in which they originate, and if those who administer this law will see to the carrying out of that provision, as we believe they will, the people in the several communities will have the advantage of using their own money in building up their industries."

The new officers are: President, Edward L. Robinson, Baltimore; vice-president, Alfred L. Aiken, Worcester, Mass.; secretary, William Hanhart, New York.

Newton F. Hawley, treasurer of the Mechanics and Farmers Savings Bank, Minneapolis, read a paper on "The Savings System in the Public Schools," and "The Segregation of Savings Deposits" was treated by R. M. Welch, cashier Union Savings Bank of San Francisco. "The Building and Loan Movement in the United States" was reviewed by James M. McKay of Youngstown, Ohio; "Thrift," by Robert J. Burdette, the well-known humorist, and the "Future of Bonds," by Edmund D. Fisher, Deputy Comptroller of New York City. J. H. Johnson, president of the Peninsular Savings Bank, Detroit, also spoke on the question of segregating savings deposits.

SCALING DOWN DEPOSITS IN SAVINGS BANKS

THE rehabilitation of the Southbridge Savings Bank, of Southbridge, Mass., by the scaling down of its deposits fifteen per cent. again illustrates a fundamental principle of savings banking and a legal point connected therewith not generally known to the public and unfamiliar to many bank men.

Through the misappropriation and abstraction of its funds by its treasurer, the bank became insolvent and a temporary injunction was issued restraining the bank from further prosecuting its business. This was later made a permanent injunction. The statement of condition of the bank as of October 30, 1909, to the Massachusetts Banking Department, showed assets of $2,578,428.80, to meet deposits of $2,368,799.22,—a very healthy condition; but—according to an examination made January 21, 1910, there was due depositors $3,020,466.62, with assets of $2,596,023.73, leaving a deficit of $424,442.89,—a very unhealthy condition.

Such a statement of fact would seem to indicate that it was not the assets of the bank, particularly, that had been tampered with, but the liabilities as represented by the pass books. Just the method pursued by the treasurer is not known to the writer, but that is immaterial. The bank by its own records was solvent, but by the depositors' records was far from a going concern. It is quite evident that the periodical verification of pass books, as required by law, made in 1907, did not disclose the true state of affairs in this institution, or the work was so arranged as to cover up such abstractions. At any rate the

bank was hopelessly insolvent, and one of two courses remained open,—receivership or scaling of deposits, and the latter course was very wisely decided upon.

By the present arrangement the bank was to re-open its doors during August, with liabilities scaled as above noted. The trustees have contributed a guarantee fund of $50,000 to place the bank on a sound financial basis. The usual two per cent. dividend will be paid shortly after opening, and it is hoped within a few months to declare an additional dividend of about three per cent. from contingent assets.

This process has twice been used in New York State to re-establish savings banks that have been rendered insolvent, and in both cases with most satisfactory results, saving the depositors much more than the amount of the scaling by avoiding lengthy and expensive receiverships.

The legal point in such cases is this: A savings bank is a mutual institution, conducted without profit to the managers and for the sole benefit of the depositors. It is really a coöperative investment concern whose members share the earnings, and if necessary the losses. The obligation of the trustees is moral rather than financial, although they are holden for due diligence and good faith in the same measure that men of sound judgment would use in their own business. They cannot, of course, be absolved from liability if they are careless and negligent in their management, or remiss in the discharge of their duties. In this case they seem to realize their responsibility and have come forward with the guarantee fund. The present instance emphasizes the old adage that it is too late to lock the barn door after the horse has been stolen, and it would seem that some system of State supervision and examination could be devised to prevent such happenings. The periodical audit of pass books, as admirable as it is in theory, seems in this case to have been impotent to uncover such a fraud upon the depositors. If done at all, it should be by an outside audit company, free to make the test as rigid as good banking demands.

The depositor in handing in his money says, in substance: "Take this money and invest it, according to law, for me on joint account with other depositors, and from the income received deduct the necessary expenses of management, setting aside, if you please, enough to insure my principal at all times, and give me the balance as interest according to your rules. If losses accrue, I will bear my share." In the present instance he is doing the latter, but it would not seem just, either in law or morals, to ask him to share these losses unless the trustees have, in good faith and with due regard to the law and careful management, administered the trust committed to them.

In two other cases in Massachusetts, of recent date, the losses were beyond control, and were properly a charge upon depositors. In the case of the Marblehead Savings Bank, the insolvency was caused by depreciation of assets, and the bank was closed for three years by order of the court, with expenses of $3,480.15, or .69 of one per cent., and the only loss to depositors was ten and one-half per cent. in interest. The Greenfield Savings Bank was likewise enjoined, by court order on February 9, 1909, from further conducting its business on account of depreciation of real estate loans. The bank is now in statu quo and will remain so until such time as it is possible to reopen on a solvent basis, and the losses will probably not be large, if any. Meanwhile the bank will make loans on depositors' pass books and make the closing of its doors as light a burden as possible. The bank commissioner for Massachusetts is at present converting the assets into cash, in view to an early opening of this institution.

A similar scaling will take place in the York County Savings Bank, Biddeford. Me., in which recent disclosures have uncovered defalcations of $300,000, necessitating a scaling of 25 per cent.

The law in the Southbridge case is plain, and the results will no doubt justify the action taken, but it will be a difficult task to make the average depositor understand the fine points of

the legal side of the matter, as the "fifteen points loss" will be apt to make him a trifle biased. The disgruntled patrons will tend to keep the occurrence prominent in the minds of many, and if such can be persuaded that the loss was all interest and not principal, the lamentations may not be quite so long or so loud.

THE HELPFULNESS OF THE SAVINGS BANK

ON May 20, 1899, a little boy, eight years old, who had been properly taught, opened with the Wachovia Loan & Trust Company a savings fund account. His first deposit was $1.05. As time went on he made many deposits; at first they were all small, but as he grew in years and ability the size of his deposits increased. This lad is not the son of wealthy parents, but has had in his home the example of thrift, economy and good management; and all during his boyhood he made it a practice to divide his income into three portions; one part went for clothing, the second part went for spending money and the third part he saved for his education. It is not necessary to say which one of these parts was the smallest. His father did not charge him anything for board and lodging, but his other expenses he bore himself. He has during his youth accumulated quite a considerable library, to which his friends and playmates have had free access.

This career as above stated started ten years ago, and to-day this boy, now a young man, is at college, paying his own expenses out of money saved from his own earnings and allowed to earn interest in the savings department of the Wachovia Loan & Trust Company. He has enough to his credit to see him through.

It is not necessary to point any moral.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

SUBSTITUTING PAPER FOR BANK NOTES

THE policy of substituting government paper for bank notes seems to be gaining ground in the British dependencies. In Australia, where this cloud has hung over the banking community for several years, it has at last been crystallized into a definite proposal, introduced into the Federal Parliament by the Prime Minister, Mr. Fisher. The bill provides for a total issue of £7,000,000 in Federal notes, against which a gold reserve is to be held amounting to twenty-five per cent. of outstanding issues. Additional issues may be made against the deposit of gold to the full amount. The issue only partly covered by gold somewhat exceeds the total note circulation of the Australian banks at a recent date. It is contemplated that the banks shall retire their circulation, and provision is made for the return to the government of all notes which have not yet been issued. Nominally the vested rights of the banks to issue notes under their charters are not taken away. The object is attained in the same manner as in the United States, when it was desired to stamp out the circulation of State banks, by fixing the tax upon note issues at ten per cent.

The banks, while protesting generally against the new project, are apparently not making a very stubborn fight, because of the conviction that it will be useless. The project is one of the results of the predominance of the Labor party, which has adopted so many measures of state socialism, and which has for several years been demanding a bank owned and operated by the government. Mr. Fisher, the Prime Min-

ister, is apparently throwing out the proposal of a government note issue as a tub to the whale, in order to postpone the agitation for a government bank. The banks will be put to a considerable increase of expense in maintaining their branches, because hereafter they will be compelled to keep gold or government notes in their tills instead of unissued notes, which become a liability only after being put into circulation. At the annual meeting of the City Bank of Sydney, on July 19 last, it was pointed out by the chairman, Mr. Gould, that it might be necessary to offset this loss by charging exchange rates on country checks.

There are several ominous features to the project from the political and economic point of view, apart from its immediate effect upon the banks. One of the provisions of the bill is that notes may be issued for ten shillings ($2.40). This means that gold will be expelled from circulation down to this minimum denomination, so that sovereigns will be progressively rarer as the new system comes into operation. In a sense, Australia will profit by the amount of gold sent abroad, but the basis of her monetary system will be correspondingly weakened. There is grave fear, moreover, that if the first note issue under the law proves successful, the tendency always disclosed where paper takes the place of gold will prevail,—to keep on meeting special requirements by new issues of paper. It is admitted that one of the purposes of the new issue is the creation of the new fleet. In other words, the expenditure will not even be for a productive purpose, but the notes will remain afloat and uncancelled after some new invention in armor or gunnery shall have sent the new ships to the scrap-heap.

In the United Provinces of South Africa, also, there is some talk of substituting a government issue for the existing bank-note currency, upon the ground that there is at present no uniform currency system. The question whether the existing banking systems shall be reduced to a common standard, and whether their note issue shall be secured by bonds, as is already required in Cape Colony, will probably be threshed out before the more radical change is seriously taken up. It is declared by a South African correspondent of the "London Bankers' Magazine," for September, that the old Kruger coins will probably be called in and a uniform coinage established for the Union.

A UNIFORM INTERNATIONAL CHECK

A STRONG indorsement of the principle of a uniform law for the check was given at the twenty-sixth conference of the International Law Association, which was held in London early in August. There was a strong disposition to approach the liberality of the English and American laws on the subject and to get rid of some of the formalism embodied in Continental laws. A committee which was appointed to prepare some uniform principles in regard to checks presented a project embodying the following provisions:

(1) That it shall not be obligatory (a) to insert into the context of the check an indication either of the account to be debited or of the balance out of which the payment is to be made; (b) to write the date all in letters or in the hand of the writer of the context; (2) that the check shall be payable upon demand only, shall be dated, and shall be deemed payable to order, unless there are express words prohibiting transfer; (3) that the English provisions relating to crossed checks are to be maintained, and should be accepted generally.

Further provisions to promote uniformity, in their relations to the English law, are discussed by the "London Economist" of August 20, as follows:

"These rules adopt either the existing English law or the regular English practice, for though legally a check need not be dated, in effect bankers require that formality. Modification of the English rule, however, is introduced by the recommendation that internal

checks shall be presented for payment within a fixed period limited by the law of each country, and foreign checks within an interval fixed in relation to this period. Under our existing law, a check must be presented within a reasonable time after issue to make the drawer unconditionally liable, but though this elasticity has advantages, it tends to uncertainty, and the Institute of Bankers has recommended the Continental system of fixing a definite limit.

"Again, it is proposed that the duty and authority of the banker to pay should be terminated by the drawer's countermand of payment, but not by notice of the drawer's death. The first part of the rule adopts, the second part negatives, the English law; but here, too, our peculiar practice, based on a judicial decision of 1822, has been generally recognized as unreasonable and inconvenient, and there would be a general gain in abandoning it.

"It is noteworthy that two proposals submitted to the committee, requiring the insertion of the word "check" or its equivalent in the instrument, and the specification of the place where the check is drawn, were not adopted. Neither of these forms is required in England, and to require them would mean such a grave inconvenience to the habits of our banks and business people generally, that the change would have little chance of acceptance."

STRENGTHENING THE BANK OF BELGIUM

THE National Bank of Belgium has recently taken important steps to strengthen its monetary position among the other central banks of Europe. For some years exchange has been adverse to the little monarchy, in spite of favorable business conditions and large accumulations of capital, with the result that coin, both gold and silver, has largely crossed the French frontier and disappeared from the domestic circulation. The bank has been loth to raise the rate of discount unduly, because of the burden which would be imposed by such action upon Belgian commerce.

For many years the National Bank stood alone in counting as a part of its metallic reserve foreign bills payable in London, Paris, Berlin and other centers. Gradually the holdings of bills encroached upon the holdings of actual gold and silver and the reserve consisted of a larger percentage of bills than of metal. This policy has been criticised by many economists at home and abroad, and these criticisms have finally brought about a change. The National Bank engaged in negotiations early in the summer with the Bank of France to convert a portion of its bill holdings into coin. The Bank of France was willing to supply a considerable amount of coin if a part were taken in five-franc pieces. When the exchanges made the transaction an advantageous one, the bank proceeded to realize nearly $8,000,000 in bills during July and to have the proceeds remitted in gold and silver to Brussels. The result was an increase in the gold reserve from 118,000,000 francs, on July 7, to 142,000,000 francs, on August 18, and in the silver reserve from 46,000,000 francs to 62,000,000 francs. Thus the total metallic reserve rose from 164,000,000 ($31,700,000) to 204,000,000 francs ($39,400,000).

The decision of the managers of the bank was reached only after long and careful deliberation, because it means the renunciation of a very considerable amount in earnings. It was felt, however, that the time had come to take some measures to protect the reserve and the local circulation. One of the influences which has expelled coin rapidly has been the issue in recent years of large amounts in twenty-franc notes. The amount of these notes outstanding increased from 87,535,160 francs on the average of the year 1900 to 149,360,320 francs in 1908. While there are some economists who advocate the drastic step of retiring or reducing the volume of these notes, it is felt by those familiar with the situation that the issue of gold for notes would not prevent the flight of the gold across the French frontier and

would simply reduce the circulation. The policy of the bank will probably be, however, to restrict further issues of twenty-franc notes and to cover them by gold in a larger proportion than the notes of higher denominations, which form the legitimate currency of commerce.

THE BIG FRENCH BANKS

THE steady accumulation of savings in France appears to afford good returns to the big banking institutions which act as distributors, like the *Crédit Lyonnais* and the *Société Générale,* in spite of the lassitude in the financial world. The value of 163 leading securities which are compared semi-annually by "L'Économiste Européen" showed a decline from December 31, 1909, to June 30, 1910, amounting to 653,000,000 francs ($130,000,000). Curiously enough, the heaviest loss,—469,000,000 francs,—was in the department of railway bonds. The market value of these 163 selected securities on June 30, according to the French journal of July 22, was 59,478,000,000 francs ($11,484,000,000).

The character of the change in financial conditions is illustrated by the fact that the five principal banks outside the Bank of France showed a shrinkage in commercial assets between December 31, 1909, and May 31, 1910, while there was a considerable increase in advances on securities and in deposits. The decline in the commercial portfolio was only 19,000,000 francs, leaving the amount on May 31 at 3,048,000,000 francs. The increase in advances on securities and stock exchange loans was 120,000,000 francs, leaving the amount at 1,276,000,000 francs. Deposits and current accounts increased during the five months by 302,000,000 francs and stood at 4,645,000,000 francs ($900,000,000).

The total commercial portfolio of the big banks increased considerably between May 31 and June 30, but this was probably due in part to the amounts usually required at the turn of the half year. Current accounts kept on increasing, carrying the total to 4,816,100,000 francs on June 30. Advances and stock exchange loans again showed an advance on June 30 to a total of 1,342,400,000 francs. It is pointed out by M. Théry, in "L'Économiste Européen," of August 26, that this increase in stock exchange loans is due largely to the fact that there were offered to French capitalists during the first six months of the current year more than 3,500,000,000 francs in new securities, while the total for the corresponding period of 1909 was only about 2,500,000,000 francs.

CREDIT METHODS IN ENGLAND

IN discussing the introduction written by Mr. Hartley Withers to a new edition of Bagehot's "Lombard Street," the "London Economist," of August 27, refers to some of the changes in banking methods which have occurred since Bagehot wrote a generation ago. In addition to the increasing use of checks and the concentration of capital in the joint-stock banks, the English journal outlines several changes which cannot be reduced to a mathematical basis, but which are the result of observation among bankers. Among these is the fact that the manufacturing districts of the north now finance themselves. In Bagehot's time London was the go-between, the intermediary through which the agricultural districts where money accumulated supplied capital and credit to the enterprising and expanding industrial centers of the Midlands and the North. No doubt since Bagehot's time the bills discounted by the London banks have increased in volume, but that is because of the vast increase in foreign trade. Yorkshire and Lancashire are always pouring their surpluses into London. The great staple manufacturers have always been far more independent of the banks than their Continental rivals. No doubt there are, and always will be, the small beginners and the weaker brethren, to whom a bank credit is everything; but Bagehot would

probably have written very differently on this head now.

The character of the paper now submitted for discount and the growth in the use of international checks are thus commented upon:

"While the manufacturers are richer and more independent, a change has also come over the position of the retail merchants. Technically, this change—which has been for some time in progress—may be described as the substitution of advances from local bankers for acceptances. This has resulted in the disappearance of an immense amount of "white paper"—inland trade bills—from the market, much to the detriment of the brokers; for it was a safe business, carrying good rates, from a half to one per cent. above bank rate. Now, the retailer does not accept, but pays the warehouseman or general merchant in cash, getting a heavy discount, the said cash being usually borrowed from the bank, which shares with him the profit of this substitution of cash for credit. But this change, in so far as it reflects a general shortening of credit, is beneficial, and may be ascribed in part to the banking amalgamations of recent years, which have helped to put things on a sounder footing in some quarters where old-fashioned and too easygoing methods had been in vogue. * * *

"The growth of the check is already making itself felt at conferences of international law, and we may, before very long, see an international check passed about freely in all civilized countries. This may probably diminish the importance of bills of exchange just as the inland trade bill is being driven out as we have seen by cash transactions."

THE EXCHANGE RATE IN BRAZIL

THE exchange situation in Brazil has been considerably complicated by the effort of the government to advance the legal value of the milreis. Doubt as to the future rate of exchange, it is declared, is postponing transactions amounting to many millions. The gold deposits in the Conversion Fund having reached the legal limit in July, the government sent a message to Congress requesting an alteration of the exchange rate from fifteen to sixteen pence. The results and the outlook for the future are thus discussed in the "London Economist" of August 20 last:

"Shortly afterwards the Banco do Brasil, a semi-official institution, raised its rate to sixteen pence, indicating that the approval by Congress of the suggested increase was then considered a foregone conclusion. * * * An active campaign is being carried on against the proposed alteration, antagonism being specially marked in the State of Sao Paulo, but although the party that holds out for the fifteen-pence rate has strengthened its position considerably, it is expected that the Government will finally have its way in this matter, and according to recent rumors, the Executive is charged with the intention of altering its first proposal by substituting seventeen or even eighteen pence. It is further mentioned that this question, which requires immediate attention, will not be voted by Congress until the return of the future President, Marshal Hermes de Fonseca, expected in October. In the meantime, commerce must suffer, and all concerned make the best of the present unsatisfactory situation. The Government seems to regard this exchange problem with too much optimism, being evidently inclined to push the rate up as far as it can, apparently not taking into consideration that the favorable economical expansion, evident during the past few months, may at any moment suffer a set-back, and seriously threaten the stability of the present rate."

"Would you take $10,000 to fly from Albany to New York?"

"Why not? Our cashier took only a thousand to fly to Europe."—*Puck.*

PRACTICAL BANKING

HANDLING INCOMING DIVIDENDS*

By James P. Whitlock

WITH the enormous increase in railroad traction and industrial securities which are now offered to investors, the difficulties of the dividend clerks in banks, trust companies and private firms handling such dividends for themselves and their clients have increased, and it has become necessary to find some system that will be easy of operation and accurate in effect.

The system should show at a glance the full particulars of the dividend as collected, including the shares held in the office or vaults, the names in which they are registered, the dividends collected under powers of attorney or mailing orders on stock not held in the office, and the amounts credited to each account. It should also enable the dividend clerk to prepare to some extent his credits and advices in advance of the date of payment, as time is an important consideration to him when many dividends are paid on the same date.

The first thing necessary is a convenient form of register for recording powers of attorney or mailing orders, and here it would be well to advise dividend clerks always to secure powers of attorney in preference to mailing orders where possible. It frequently happens that checks are drawn by mistake to the order of the stockholder instead of to the collecting concern. If a power of attorney has been signed by the stockholder, the collecting concern can endorse the check as attorney, whereas under a mailing order it must be returned for correction.

NAME OF COMPANY					
Date Filed	Surname	Christian Name	Date of Power	From Whom Rec'd	Date of Letter

Form 1

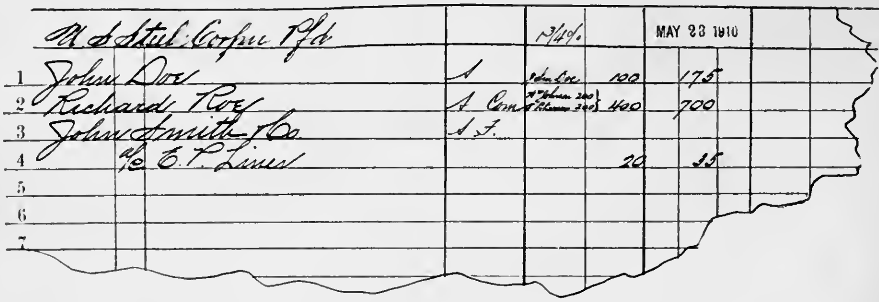
Form No. 1 is recommended for registering powers of attorney, etc., and the book should be provided with a good-sized index for the names of companies.

By referring to this register the powers of attorney filed with each company since the last dividend payment can be ascertained and added to the list for the coming dividend.

The most convenient form for the dividend record is the loose leaf system, as it is frequently necessary to insert additional dividends after the book has been started, and it is much more convenient if they can all be put in their proper place.

The dividends should be separated

*The author of this article is connected with a large and well-known international banking-house, and it is believed his suggestions will be found of much practical value.—Editor.



Form 2

into two classes; those payable quarterly and those payable semi-annually and annually.

The quarterly dividends are again separated into three divisions, according to the month in which they are paid and the months separated by cardboard sheets bearing tags marked—Jan., Apl., July, Oct.; Feb., May, Aug., Nov., etc. (Form 2.) As the transfer books close, the list of holders and shares is entered on sheets similar to the form below, the names of the companies being kept in alphabetical order. (Forms 2 and 3.)

The same course is followed with the semi-annual and annual dividends, except that the book is divided into six sections instead of three, and the tags are marked, Jany., July;—Feb., Aug.;—March, Sept.;—etc.

Where the number of dividends collected is not too large, the quarterly and semi-annual sections may be included under one cover, and on the other hand, where many dividends are handled it may be advantageous to separate the semi-annual dividends into two books.

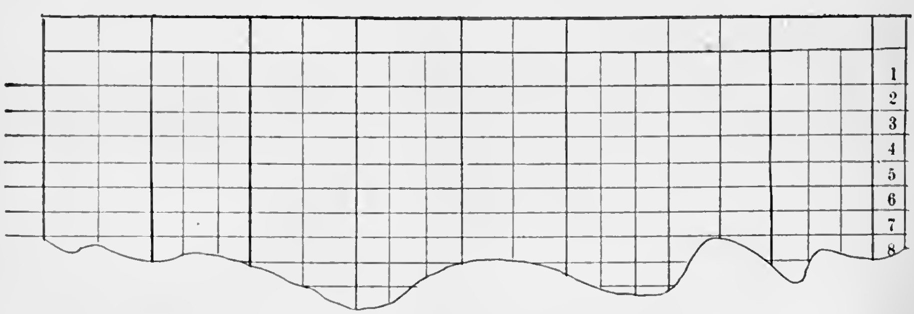
If it is desired to distinguish between the stock held in the office and that not held, but collected on under powers of attorneys, the stock held in the office may be entered in red ink and the other in black.

The space on the right of the names may be used for instructions regarding the account, as "A" for advise; "F"—foreign account; "Com."—deduct commission, etc.

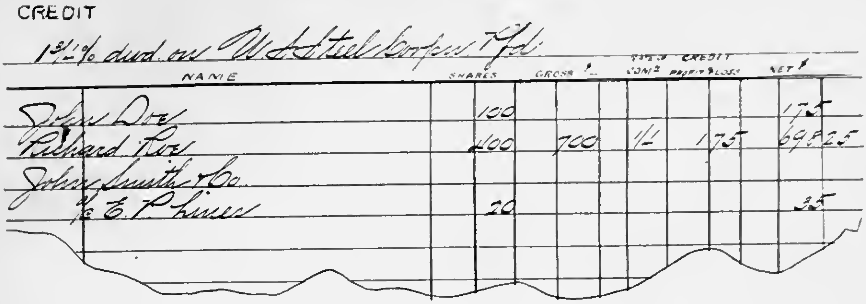
As the dividends are paid the dollar figures are entered against the various accounts and the date filled in at the top of the column with a dating stamp.

Form 2 is printed only on one side and is spaced for four dividends. Form 3 is printed the same on both sides, and is spaced for eight additional dividends. The numbers on the margin are an assistance in making the entry on the proper line, and it is a further assistance if the sheets are ruled alternately with a light and heavy line.

The credit slip for the cash book may be made directly from this list. Form 4 is a convenient one to use for this purpose.



Form 3



Form 4

The dividend record may be indexed by using a small book divided alphabetically and entering against the name of the company "Q" for quarterly, and "S. A." for semi-annually, with the first month of the year in which the dividend is paid. It may also be found a convenience to paste small cloth tabs bearing the letters, on the margin of the dividend sheets. These alphabets may be purchased for a few cents each.

A few days before the end of each month the dividends for the coming month should be checked over with the power of attorney register, so that no powers lodged since the last dividend may be overlooked.

Where there are a large number of dividends to be handled it is well to use a diary, entering all dividends payable after the first therein and checking them out as received.

There are many additional helps and safeguards which may be developed in connection with this system and which will occur to the man on the job from time to time. These will differ to some extent according to the requirements of different offices.

The advantages claimed for the system are as follows: A complete and continuous record of dividends which will cover at least three years; the assembling in chronological order of the dividends, bringing all such as were paid in the previous period before the dividend clerk, and acting as a reminder to investigate when checks are not received; the ability, by the use of the loose-leaf book, to place the records of new companies in the correct alphabetical position, and last, but not least, the saving in time resulting from writing the names of clients but once for twelve dividends.

DOING AN OLD THING IN A NEW WAY

HOW "THE MATURITY GUIDE" SAVES THE BANKER A LOT OF TIME AND WORK

THE illustration accompanying this article shows a page of the new "Bankers' and Merchants' Perpetual Maturity Guide," just issued by The Bankers Publishing Company. This is not a review of the book, but simply an explanation of the really remarkable features of the work which make it as much an advance over old ways of computing interest as the adding machine is an improvement over the human adder.

Briefly stated, this 300-page book consists of a series of tables showing the number of days between any two given dates. It contains every possible combination of dates in the calendar—133,590—and is so arranged that the number of days between any two dates can be ascertained at a glance. The work has been completed after many years of careful computation. It has been verified and reverified until it is absolutely accurate in the minutest detail.

The pre-eminent feature of this new

system is that absolutely no calculation is necessary on the part of the person using the tables—just a glance and the correct result is at hand.

The "Maturity Guide" is especially advantageous in dealing with coupon bonds, which are now bought and sold subject to the accrued interest. Thus:

If a six per cent. coupon bond of $1,000, interest payable January and July, were sold or bought at 110 on May 10, the number of days of ac-

MARCH—JULY 56 **4 MONTHS NOTES**
3rd Mo. 7th Mo.

NUMBER OF DAYS BETWEEN GIVEN DATES—BOTH INCLUSIVE.

Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days
1— 1=123	2— 1=122	3— 1=121	4— 1=120	5— 1=119	6— 1=118	7— 1=117	8— 1=116
1— 2=124	2— 2=123	3— 2=122	4— 2=121	5— 2=120	6— 2=119	7— 2=118	8— 2=117
1— 3=125	2— 3=124	3— 3=123	4— 3=122	5— 3=121	6— 3=120	7— 3=119	8— 3=118
1— 4=126	2— 4=125	3— 4=124	4— 4=123	5— 4=122	6— 4=121	7— 4=120	8— 4=119
1— 5=127	2— 5=126	3— 5=125	4— 5=124	5— 5=123	6— 5=122	7— 5=121	8— 5=120
1— 6=128	2— 6=127	3— 6=126	4— 6=125	5— 6=124	6— 6=123	7— 6=122	8— 6=121
1— 7=129	2— 7=128	3— 7=127	4— 7=126	5— 7=125	6— 7=124	7— 7=123	8— 7=122
1— 8=130	2— 8=129	3— 8=128	4— 8=127	5— 8=126	6— 8=125	7— 8=124	8— 8=123
1— 9=131	2— 9=130	3— 9=129	4— 9=128	5— 9=127	6— 9=126	7— 9=125	8— 9=124
1—10=132	2—10=131	3—10=130	4—10=129	5—10=128	6—10=127	7—10=126	8—10=125
1—11=133	2—11=132	3—11=131	4—11=130	5—11=129	6—11=128	7—11=127	8—11=126
1—12=134	2—12=133	3—12=132	4—12=131	5—12=130	6—12=129	7—12=128	8—12=127
1—13=135	2—13=134	3—13=133	4—13=132	5—13=131	6—13=130	7—13=129	8—13=128
1—14=136	2—14=135	3—14=134	4—14=133	5—14=132	6—14=131	7—14=130	8—14=129
1—15=137	2—15=136	3—15=135	4—15=134	5—15=133	6—15=132	7—15=131	8—15=130
1—16=138	2—16=137	3—16=136	4—16=135	5—16=134	6—16=133	7—16=132	8—16=131
1—17=139	2—17=138	3—17=137	4—17=136	5—17=135	6—17=134	7—17=133	8—17=132
1—18=140	2—18=139	3—18=138	4—18=137	5—18=136	6—18=135	7—18=134	8—18=133
1—19=141	2—19=140	3—19=139	4—19=138	5—19=137	6—19=136	7—19=135	8—19=134
1—20=142	2—20=141	3—20=140	4—20=139	5—20=138	6—20=137	7—20=136	8—20=135
1—21=143	2—21=142	3—21=141	4—21=140	5—21=139	6—21=138	7—21=137	8—21=136
1—22=144	2—22=143	3—22=142	4—22=141	5—22=140	6—22=139	7—22=138	8—22=137
1—23=145	2—23=144	3—23=143	4—23=142	5—23=141	6—23=140	7—23=139	8—23=138
1—24=146	2—24=145	3—24=144	4—24=143	5—24=142	6—24=141	7—24=140	8—24=139
1—25=147	2—25=146	3—25=145	4—25=144	5—25=143	6—25=142	7—25=141	8—25=140
1—26=148	2—26=147	3—26=146	4—26=145	5—26=144	6—26=143	7—26=142	8—26=141
1—27=149	2—27=148	3—27=147	4—27=146	5—27=145	6—27=144	7—27=143	8—27=142
1—28=150	2—28=149	3—28=148	4—28=147	5—28=146	6—28=145	7—28=144	8—28=143
1—29=151	2—29=150	3—29=149	4—29=148	5—29=147	6—29=146	7—29=145	8—29=144
1—30=152	2—30=151	3—30=150	4—30=149	5—30=148	6—30=147	7—30=146	8—30=145
1—31=153	2—31=152	3—31=151	4—31=150	5—31=149	6—31=148	7—31=147	8—31=146

Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days	Mar July Days
9— 1=115	10— 1=114	11— 1=113	12— 1=112	13— 1=111	14— 1=110	15— 1=109	16— 1=108
9— 2=116	10— 2=115	11— 2=114	12— 2=113	13— 2=112	14— 2=111	15— 2=110	16— 2=109
9— 3=117	10— 3=116	11— 3=115	12— 3=114	13— 3=113	14— 3=112	15— 3=111	16— 3=110
9— 4=118	10— 4=117	11— 4=116	12— 4=115	13— 4=114	14— 4=113	15— 4=112	16— 4=111
9— 5=119	10— 5=118	11— 5=117	12— 5=116	13— 5=115	14— 5=114	15— 5=113	16— 5=112
9— 6=120	10— 6=119	11— 6=118	12— 6=117	13— 6=116	14— 6=115	15— 6=114	16— 6=113
9— 7=121	10— 7=120	11— 7=119	12— 7=118	13— 7=117	14— 7=116	15— 7=115	16— 7=114
9— 8=122	10— 8=121	11— 8=120	12— 8=119	13— 8=118	14— 8=117	15— 8=116	16— 8=115
9— 9=123	10— 9=122	11— 9=121	12— 9=120	13— 9=119	14— 9=118	15— 9=117	16— 9=116
9—10=124	10—10=123	11—10=122	12—10=121	13—10=120	14—10=119	15—10=118	16—10=117
9—11=125	10—11=124	11—11=123	12—11=122	13—11=121	14—11=120	15—11=119	16—11=118
9—12=126	10—12=125	11—12=124	12—12=123	13—12=122	14—12=121	15—12=120	16—12=119
9—13=127	10—13=126	11—13=125	12—13=124	13—13=123	14—13=122	15—13=121	16—13=120
9—14=128	10—14=127	11—14=126	12—14=125	13—14=124	14—14=123	15—14=122	16—14=121
9—15=129	10—15=128	11—15=127	12—15=126	13—15=125	14—15=124	15—15=123	16—15=122
9—16=130	10—16=129	11—16=128	12—16=127	13—16=126	14—16=125	15—16=124	16—16=123
9—17=131	10—17=130	11—17=129	12—17=128	13—17=127	14—17=126	15—17=125	16—17=124
9—18=132	10—18=131	11—18=130	12—18=129	13—18=128	14—18=127	15—18=126	16—18=125
9—19=133	10—19=132	11—19=131	12—19=130	13—19=129	14—19=128	15—19=127	16—19=126
9—20=134	10—20=133	11—20=132	12—20=131	13—20=130	14—20=129	15—20=128	16—20=127
9—21=135	10—21=134	11—21=133	12—21=132	13—21=131	14—21=130	15—21=129	16—21=128
9—22=136	10—22=135	11—22=134	12—22=133	13—22=132	14—22=131	15—22=130	16—22=129
9—23=137	10—23=136	11—23=135	12—23=134	13—23=133	14—23=132	15—23=131	16—23=130
9—24=138	10—24=137	11—24=136	12—24=135	13—24=134	14—24=133	15—24=132	16—24=131
9—25=139	10—25=138	11—25=137	12—25=136	13—25=135	14—25=134	15—25=133	16—25=132
9—26=140	10—26=139	11—26=138	12—26=137	13—26=136	14—26=135	15—26=134	16—26=133
9—27=141	10—27=140	11—27=139	12—27=138	13—27=137	14—27=136	15—27=135	16—27=134
9—28=142	10—28=141	11—28=140	12—28=139	13—28=138	14—28=137	15—28=136	16—28=135
9—29=143	10—29=142	11—29=141	12—29=140	13—29=139	14—29=138	15—29=137	16—29=136
9—30=144	10—30=143	11—30=142	12—30=141	13—30=140	14—30=139	15—30=138	16—30=137
9—31=145	10—31=144	11—31=143	12—31=142	13—31=141	14—31=140	15—31=139	16—31=138

When only one of the dates is to be counted, deduct one day.
Falls nur ein einziges Datum gesucht werden sollte, ziehe man einen Tag ab.
Si vous ne devez compter qu'une seule des dates, déduisez un jour.
Cuando solamente una de las fechas se ha de contar, rebájese un dia.
Quando soltanto una delle date deve esser contata, togliete un giorno.

Reduced Specimen Page from "The Bankers and Merchants Perpetual Maturity Guide." There are 295 pages in the book, giving every possible combination

crued interest must be counted from January 1, to May 10. That number is 130 days, yielding fractional interest of $21.66; to this add the cost of the bond, $1,100; making the price $1,-121.66.

Without the use of this book, the days of the several months would have to be set down and added thus:

31, 28, 31, 30, 10—130

or, by a system of subtraction, the result is obtained, not an invariably correct one, however.

Thus it will be seen that the tables not only give the number of days and the number of months between given dates for time and call loans, but they also give the number of days of matured fractional interest of coupon bonds when bought or sold in accordance with the rule of the New York Stock Exchange, which has been adopted by all stock exchanges throughout the United States.

With this book and a calendar before him a man can find instantly the number of months and days of notes from the beginning to the end of the year without pen or pencil. He simply looks and reads the answers. And, what is most important, he can be absolutely sure that the answer is infallibly correct.

INVESTMENTS

Conducted by Franklin Escher

OUR OVERDONE STOCK MARKET

By Frederic Drew Bond

IN the fall of 1907, when banks and trust companies, the country over, were closing doors or suspending specie payments and when prices of shares were each day making new low levels, one active stock remained nearly unaffected by the panic. When nine per cent. Delaware & Hudson was selling on the New York Stock Exchange around 123 and ten per cent. Union Pacific at 100, and when the shares of America's premier railroad, Pennsylvania, were barely above the same price, Canadian Pacific, a six per cent. stock, touched 138 as its lowest quotation. It is true that the company had just paid an extra one per cent. dividend from land sales and that earnings had been growing very rapidly, but neither in financial strength nor in physical condition could it compare with the great American railways whose shares it so largely overtopped in price. Whence, then, its ability so well to weather the storm?

The answer made at the time to this question was simply: Its primary market is London, not New York. But to those struck with the pecular position of the Canadian Pacific shares this reply suggested the further query: Why is this stability lacking in our home market? During the last ten years, New York Stock Exchange prices have been up in 1901, down in 1903, up by 1905, down in 1907, up again by 1909, down again the present year.

Bank Loans and Speculation.

What causes this chronic difference, year in and year out, between values and prices in Wall Street? One might name the great development of speculation, the custom of trading on small margins of ten points or less, the ticker and the Stock Exchange Clearing House as factors in the situation. But, though without these things and methods Wall Street would hardly be possi-

ble as it now stands, their consideration does not get to the root of the difference between the course of prices on the New York Stock Exchange and on the great foreign bourses. The fact is that in America, and especially in New York City, a relation between bank loans and speculation has devoloped which has never been known in any other place and which has no parallel abroad. To understand this point, let us advert to what ordinarily happens when stocks are bought for speculation.

Concrete Illustration.

In such instances the customer deposits a margin with his broker. This, as a rule, consists of a sum equivalent to at least ten points on the price of the shares traded in. Thus, on a purchase of 100 shares of Atchison at $100 a share, the customer would deposit $1,000. To carry the shares the broker usually arranges to pledge them at his bank—generally for a sum equal to the buying price, less about twenty points. Thus, in the present case, $10,000 is needed to pay for the 100 shares of Atchison. Of this sum, the customer's margin supplies $1,000, the broker supplies another $1,000 and the remaining $8,000 is supplied by the broker's bank as a loan on the pledge of the shares. When the sales and purchases in a stock by any brokerage house partly balance, as is very often if not usually the case, the bank will still, ordinarily, be called on by the broker to finance the cash balance due on an excess of purchases, after as many offsets as possible between sales and purchases of stocks have been made through the stock exchange clearing house.

Now a bank loan is ordinarily entered by the bank as a deposit to the credit of the borrower. Thus, the loans and deposits of banks increase, as a general rule, hand in hand. But the New York national banks (and all the "financial banks" are national banks) are required by federal law to hold twenty-five per cent. of their deposits in actual money. When loans (and, consequently, deposits) are relatively few and this twenty-five per cent. reserve easy to maintain, the banks are willing to make new loans at very low rates of interest. At such times, as at the beginning of 1908, it is not long before stocks begin to rise. A constant bidding-up occurs between professional speculators, large speculative owners and such brokers as speculate for themselves—all assisted by the willingness of the banks to lend readily and at easy interest rates on the shares when they are bought. Now, here comes in the peculiarity of our system. As soon as the price of stocks at such times advances, the banks are willing to lend an additional sum, up to the extent of the advance. When Union Pacific sold, at the opening of 1908, at around $120 a share, few banks, if any, would

lend more than $100 a share. But just as soon as, by the to-and-fro bidding of owners and speculators on the exchange, the price, in 1908, had advanced, the banks increased also the amount of their loans. When the stock reached $150 a share in May of that year, the banks were willing to lend up to $130 a share. Now this is the case with all the active shares on the exchange; the more they advance in price, the more the banks will lend on them. But as these very advances in price occur because of the previous loans of the banks, the result is that the banks themselves create the very prices on which they rely to lend.

A "Vicious Circle."

Thus the inflation of loans on the basis of rising quotations makes a sort of circle, for the time being, for the advance of stock prices. The more prices go up, the more is lent; and the more is lent, the more they go up. Of course, when a stock is held by an immense number of investors, like Pennsylvania (which has about 60,000 registered stockholders), little attempt is made by speculative pools to take advantage of banking liberality to advance prices unduly. For a pool endeavors to advance prices with the help of the banks, as just outlined, in order to sell to the public at high prices. But, in the case of a security like Pennsylvania, a great number of the public already have the stock as an investment. Did its price rise very high, so many bona-fide investment owners would be tempted to sell at the big profit offered that the speculators, in order to maintain quotations, would have to buy altogether too many shares at high prices for it to be pleasant for them. To find examples of the possibilities of the banking relations with speculation one should turn to stocks less widely distributed. In 1902, General Electric, then, as now, an eight per cent. stock, sold at $334 a share. The same year Chicago & Northwestern common, then, as at present, a seven per cent. security, sold at $274 a share. About this same time, New York, New Haven & Hartford's eight per cent. stock sold at $255 a share. In 1901, five per cent. New York Central sold at $170 a share and in 1905 (the dividend being the same) sold at nearly the same figure. In 1906, Great Northern sold at $341 a share, which, allowing $85 for the ore rights the stock then carried, would still amount to $256 a share for a seven per cent. stock.

Our "Call-Loan" System.

But this method of lending on stocks on the basis of their exchange price is so dangerous that the banks have their own way of guarding against its unpleasant possibilities. A very large percentage of financial loans of this kind, especially when stock prices are either very low or very high, are made on "call"—a method practicallly nonexistent in Europe. Such loans are subject to termination by the bank whenever wished. The other sort of

loans—those on "time"—are subject to demand by the bank for more stock to be pledged by the borrower as collateral security. Thus the bank may at any time "call" some of its loans and receive back the sum lent; or, if the borrower is unwilling or unable to repay the amount loaned, may at once sell on the exchange the stock deposited as security for the loan, and thus obtain the sum due. If the loan is on "time," the bank may demand more collateral whenever it sees fit to do so; and if this is not forthcoming, sell the collateral already in its possession, the same as in the case of a "call" loan.

Now we have seen that as long as the banks will lend freely on stock as collateral, prices of speculative securities on the exchange can be put to excessive heights. But, in the end, there may come a time when the banks are no longer able to lend freely. As commercial discounts are increasing while stock loans are also growing, the deposits of the New York banks swell as a result of the proceeds of these various loans, and at the same time their cash reserves, unless enhanced by an inflow of gold from other localities, approach nearer and nearer to the twenty-five per cent. legal reserve mark below which they are prohibited to fall by Federal law. When the banks outside of New York City are themselves loaned up as far as they can go, and gold can be imported from abroad only at a loss, the New York banks have no other resource left, in order to safeguard themselves, but to reduce or "call" loans. The deposits which arise from these same loans are thus, also, cancelled, and, consequently, the cash reserves on hand bear a larger percentage than before to the remaining deposits.

Undermining.

Now the more loans are thus "called" the more stock is sold to meet these "calls," and the more such sales there are the more prices on the exchange fall. But each time prices fall, other loans previously judged "safe" by the banks, are "weakened," and, in addition, the margin of the customers of the brokerage houses (whose loans the banks are handling) is also impaired. New "calls" by the banks and new demands by brokers for margin from customers are then made, and, in consequence, new sales of stock, the whole process developing into a continued, recurrent fall of prices on the exchange, which does not come to an end till banking resources have been repleted and stocks lodged in the hands of strong owners—*i. e.*, those who can carry them outright or by means of relatively small loans compared with the current price of the shares. The very prices which the banks formerly created they now destroy.

But it is possible that the fall in prices, although dependent on the connection of bank loans with speculation, may start from the side of speculators. It may, in other words, reflect not so much a weakened condition of the banks as an over-extended position of speculative groups. The exploitation of vast enterprises in America has had the result, again and again, of tying up liquid capital; or, to speak more concretely, of bringing about a situation where, at current prices, goods of one sort were not readily exchangeable for goods of other sorts. Such was the case as regards exchange securities in 1903. In that year the "undigested securities" which their nominal owners could neither hold outright, sell to others at current quotations or carry any longer on banking terms, were mostly listed on the exchange. In the present year the over-supply has been more of securities of other sorts into which the surplus capital of the country had already been largely drawn, leaving too little to absorb the standard issues when they were offered for sale.

Prices and Values.

It has been said that Wall Street "discounts," or anticipates, the future business situation, by the movement of stock prices and that this is a cause of the divergence between prices and val-

ues. But in the case of specific securities, this "discount" is usually meaningless. When Great Northern stock goes to $341 a share, no one, on the mere face of things, can tell whether the stock price is actually "discounting" some very valuable development in the property (as such becomes gradually known and is acted on by far-sighted buyers); or, whether, as was pretty much the case, a powerful clique is marking up the price by the aid of bank loans, with the intention of selling the shares at top prices to the speculative public on the lookout for extraordinary developments. And, in like manner, when a stock declines, especially at a time of general weakness, no one can say, from the mere fact of the decline, whether there is even a likelihood that its property is depreciating. Speaking of the "solid dividend payers," a writer regarding the matter from an investor's standpoint comments thus in the May number of *Investments:*

"Missouri Pacific's big decline [in 1906 and 1907] before the dividend was finally passed, foreshadowed that event. Union Pacific's decline from nearly 200 down to par foreshadowed nothing—no reduction in the dividend was made and the panic period passed with but slight decrease in earnings."

Remedies.

Thus the New York Stock Exchange lacks one of the prime qualities a stock market should possess—that of being a reliable index to the condition of the corporations whose shares are traded in thereon. The difficulty of the situation is enhanced by the fact that in America the sales of the great securities are concentrated on one exchange; were the country split up, as in Europe, in a number of independent states, these transactions would probably be scattered on four or five different bourses. To better our financial conditions, suggestions have been made to do away with the ticker, to abolish "call" loans, to have stock settlements fortnightly (as abroad), instead of daily, to do away with the stock exchange clearing system. Recently the present writer (Bankers Magazine, May, 1910) suggested that stock and bond loans should be unalterable till maturity) as with all other sorts of loans). Sometimes a combination of two or three of these suggestions has been broached.

At the present the most mooted remedy for our financial troubles is undoubtedly the creation of a central bank, as in the European capitals, and the issuance of bank notes against bank assets instead of against Government bonds only. There is no question but what the tendency of both measures would be to avert a financial crisis like that of 1907, by making banking resources more elastic in a time of what otherwise would be monetary strongency. But whether, in the present state of things, both measures would not be likely to lead to greater stock price inflations than ever before, is a reasonable query. Currency reform and unjustifiable stock speculation present, in reality, two almost entirely distinct problems which have been only too much confused together. Until the true cause of our over-done bull and bear markets is realized as lying in the peculiar relations subsisting in America between bank

loans and speculation, there will be no getting down to the root of the trouble and extirpating it—making stock prices on the New York Stock Exchange something like a true register of stock values.

THE COMMONSENSE ABOUT THE TRADE BALANCE

By Carl Weingarten

At various times in past years when exports have very largely exceeded imports, there has been more or less of a feeling of satisfaction that it should have been so, but never any very great interest in the matter, one way or the other. In some years when the balance of exports has been heavier than in others there has been some little attention paid to the question, but as a real live market influence this matter of the trade balance has never been of much account. For years and years past there has always been a big balance on the right side of the ledger. In some years it has been bigger than in others but it has always been there. We have come to count upon it, as it were, and there has been comparatively little serious discussion as to what would happen were the balance in our favor no longer to exist.

Demanding Attention.

But on account of the way in which our foreign trade has been going during the past couple of years the matter has ceased to be one for academic discussion and has become highly practical. Last year, it will be remembered, the excess of exports showed a very big reduction from the year before and fell very much below the average of recent years. This year, so far, the showing has been even more striking. For the first eight months of the calender year, indeed, imports have actually run larger than exports. To find the parallel of that it is necessary to go back all the way to 1895.

Economists real and alleged are bringing out all sorts of theories regarding the importance of the trade balance, but, paying not too much attention to theory, it is the commonsense of the thing that by selling more than you buy, you are establishing tangible credit somewhere. There may be all kinds of offsetting influences but that does not in the least alter the fact that credit has been established. Where offsetting influences exist, indeed, it's a mighty important thing that there *should* be a credit out of which the settlements can be made.

The Need of the Balance.

That is exactly our case at present and has been for a long time back. Nor is there any mystery about what the offsetting influences are. There is in the first place an immense amount of foreign capital invested here on all of which interest must annually be paid. In the next place, there is the big amount of money which we have to pay the foreigners each year for freights, insurance and other service which they render us. Again, there is the money spent each season in Europe by American tourists, roughly estimated as amounting to several hundred million

dollars. Concerning the total of what we owe each year on these various counts there is the greatest difference of opinion—estimates running all the way from 400 million to 800 million dollars. That, however, isn't material. The point isn't whether the amount is 400 or 800 million. The fact is that there is a huge sum which we have to pay abroad each year and which in the past has been sufficient completely to absorb the credit balance we have gained on foreign trade. Suppose, now, that things are to change so that exports no longer exceed imports. Where will we be then? These payments for freight and insurance and tourists and the various other considerations all run along just the same. Suppose, now, that the balances out of which for years past we have always been able to settle these accounts are no longer to stand to our credit?

The Economic Side of It.

So unpleasant is contemplation of what would happen in that case that the mind turns with relief to the fact that this balance credited to our account, and out of which we have always been able to pay our debts, is *not going to be* wiped off the slate. During the past couple of years, it is true, it has not been credited up to us as regularly as before, but that is a long way from saying that conditions have permanently changed and that we shall have to do without it from now on. This, it must be remembered, is a young country, of vast natural resources, and still in process of development. Under the circumstances a balance of exports over imports is the normal condition. As the resources of such a country are developed it is the natural state of things that production should outrun consumption. Later on, as population increases and resources are more heavily drawn upon, the tide turns and we may expect to use up more than we produce. But in the case of this country that time is still a long way off. To anyone who has travelled much throughout the United States and realizes the vast resources of the country, it is evident that the process of development is nowhere near complete. A combination of circumstances may bring it about that productivity is lowered and consumption increased, but that, in our case, is only for the time being. Sooner or later the natural condition of things is bound to assert itself and exports are bound again to run ahead.

At the same time it must not be lost sight of that we are making rapid progress in the direction of the point where our consumptive needs will catch up with our productive capacity. Very possibly the changed condition of our foreign trade means that from now on, exports will no longer exceed imports to the same extent as they have exceeded them in the past. It will be a long time, however, before the process is completed. And it must also be considered that in the meantime our *need* for a favorable balance of trade will decrease correspondingly. By the time that it comes about that we regularly

import more merchandise than we export, very likely it will also have come about that we shall have got ourselves into the same position that England is in now—where we shall not *need* any balance of trade in our favor.

DEFINITIONS THAT DEFINE

THE following definitions are taken from the "Financial Glossary" recently issued by Hornblower & Weeks.

BANK RESERVE. Money held by a bank against deposits. The law provides that National Banks in the "Central Reserve Cities"—New York, Chicago and St. Louis—shall at all times have a cash reserve equal to 25 per cent. of their deposits. The banks in thirty-nine other large cities called "Reserve Cities" must maintain the same percentage, but are permitted to deposit half the amount with national banks in the Central Reserve cities. Other national banks must keep a reserve of 15 per cent., of which three-fifths may be on deposit in the Central Reserve or Reserve cities. Does not apply to savings banks.

BORROWING SECURITIES. When a broker sells stock he is under obligation to deliver it the next day. To do so he must often borrow it from another broker, especially if his customer has sold "short." The broker borrowing the stock pays the market price for it, but he has the privilege of returning it at the same price. The lender also can demand return of the stock at any time.

CROSSING. When a broker receives a buy order from one person and a sell order from another for the same stock, number of shares and the same price. Such orders must be executed on the floor of the Stock Exchange, and not by allowing one customer to buy from the other in the broker's office.

INCOME BASIS. The yield or rate which a stock or bond nets upon the purchase price. For instance, a 6 per cent. stock bought at 120 nets only 5 per cent. This result is obtained by dividing the amount of dividend by the purchase price. The income from bonds cannot be ascertained so simply, as the interest payments are figured as being reinvested. For this purpose, there are "bond tables" computed from logarithms.

PUT. An agreement by which the maker, for value received, gives the holder the privilege to deliver to him a specified stock or commodity within a stated time for a stated price. It is, however, optional with the holder to exercise the privilege.

PYRAMIDING. Buying stock on the strength of nominal profits made but not actually collected, without depositing any additional amount of money. For instance, if one purchases stock and its market value advances, one figures without selling that stock a paper profit. With this as margin more stock is bought and if the price again advances, still more is purchased.

RIGHTS. The privilege given to the holder of a corporation's securities to subscribe to new issues is called a "Right." One right always attaches to each share of stock. For example if a corporation with 10,000 shares of stock outstanding, issues 5,000 additional shares, each holder would have the privelege of subscribing to one new share for every two shares which he held. If the old stock sells at 110 and the new stock is issued at 100, there is an advantage of $10 to be had for every new share which can be bought. The theoretical value which will attach

to each share is found by taking the price of two old shares and one new share, dividing the result thus obtained by three and subtracting this quotient from the market value of the stock. This figures out to be three and a third. These rights are usually traded in on the Stock Exchange, where holders may buy or sell enough to make up even amounts of new stock.

Yield. The percentage return on capital invested. If a stock paying $6 in dividends is bought at 105 it yields 5.71 per cent. In figuring the yield on a bond, however, it is necessary to take into consideration the fact that at maturity the bond will be worth par. Taking the difference between the present market price of the bond and the par value and dividing by the number of years before maturity, we have an approximation of the adjustment to be made to the yield as found in the case of a stock. Tables evolved by logarithms are necessary for an accurate finding.

Books Close. The day on which a corporation closes its transfer books in order to make a list of stockholders to determine who is entitled to dividend, or to vote at a stockholder's meeting.

Books Open. The day upon which the transfer books of a corporation are reopened after a meeting or declaration of a dividend. In the meantime, stocks or registered bonds cannot be transferred.

Ex. A stock sells "ex. dividend" on the date of record when the transfer books are closed for dividend purposes. A stock sells "ex. rights" on the date of record which is set for taking account of stockholders for subscription purposes.

Accrued Interest. Interest accumulated since last regular payment, but not yet due. All bonds in Boston and New York are sold at a quoted price plus the interest accrued since the last interest date.

Wash. The operation by which the identical shares are bought and sold by the same party or parties for the purpose of creating or maintaining a market. Such transactions are illegal under the rules of the stock exchange.

THE QUESTION OF THE CAPITAL SUPPLY

IS THERE ENOUGH CAPITAL IN THE COUNTRY AT PRESENT TO SUPPLY THE NEEDS OF BUSINESS?

By Charles A. Darrell

WITH the bond market improving as it is, and general business showing that it is feeling the stimulus of the great crops which are being marketed, the question as to whether there is enough capital in the country to go around comes sharply into the foreground. Back in the middle of the summer, when the surplus reserves of the New York banks ran above fifty million dollars and business and financial conditions were quieter than they are now, there was less disposition to inquire into this matter. On account of the way things have drifted since then, however, the question as to whether there is actually enough capital to do business on has become of first class importance.

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In looking into this matter, it must

be borne in mind that there is a big difference between capital and what is ordinarily known as "money." The question as to whether there is enough capital on which to do business is not a question of the ability of the Wall Street banks, for instance, to lend money on stock exchange collateral. Not infrequently, indeed, it happens that the banks have plenty of money which they are willing to lend out in this way at low rates, while at the same time that people who want to borrow money for business purposes have the hardest kind of a time getting it. There is a whole lot of difference between money which is to be had for a short time to use in stock speculation or for other purposes and capital which is wanted for a considerable period of time to do business on.

Since 1907.

It being now generally admitted that the main cause of the panic of 1907 was the complete exhaustion of the country's capital supply, that memorable time may be taken as a sort of a starting point in gauging the country's capital supply now. After the closing months of 1907, it will be remembered, came a long time when business and finance were practically at a standstill—when capital had a great opportunity to accumulate. For very nearly a year this process went steadily on. So little business was doing that only very moderate amounts of capital were needed to carry it on. So quiet were all the financial markets that the demand from that source amounted to comparatively little. The result was that during 1908 the reservoirs in which capital accumulates, filled rapidly.

Then came the election at the end of 1908 and the radical change in business conditions which followed. And as the wheels began to turn again, oil was once more needed to make the machinery go, and in all the greater quantity because that machinery had for so long been standing idle. At once the accumulated amounts of capital began to be reavily drawn upon, and all through 1909 these demands continued on a rising scale. The overdoing of things toward the end of 1909 has now become a matter of record. By a good many people who want to see another boom started now, however, it does not seem to be realized to what extent the over-activity at the end of 1909 tied up the country's available capital supply.

It did tie it up, however, and to so remarkable an extent that at the beginning of the present year the corporations which wanted to borrow money found it an almost impossible undertaking. Appeal to the foreign markets followed, and about 150 million dollars of French and other European capital were secured in the late winter. That, however, only served to emphasize how scarce capital was here. Finally came the break-down—the cessation of the hitherward stream of foreign capital and the admission that business could no longer be carried on in the same way. Toward the end of the spring, borrowing by the corporations came practically to an end. The hum of industrial activity began to sink to a lower pitch.

Replenishment.

It was unpleasant to have what seemed so promising a boom checked in that way, but it was the only way in which the supply of oil, without which the machinery could not be operated, could be replenished. And since the beginning of the summer this process of replenishment has been going steadily on. Instead of investors being called upon to put their savings into all sorts of issues of new securities, they have been quietly allowed to bank their money. Instead of banks and other institutions tying themselves up with large underwritings of new securities, they have allowed capital to accumulate, awaiting a favorable chance. All over the country this has been going on. Even in the West, where the speculation in land early in the year so seriously threatened the capital supply, there has been a great change in this regard and large amounts of capital have been steadily accumulating.

Six months is, of course, not a very long time in which to replenish a supply of capital exhausted as was ours at the end of 1909, but in the opinion of competent observers it is believed that very great progress has been made. The supply of capital is not redundant—nobody who is familiar with industrial conditions believes that it is. But on the other hand it must be borne in mind that to what has been saved during the summer, all the great amounts of capital which will be called into existence by the marketing of this year's record-breaking crops must be added. Fortified by that addition, the capital that has been accumulated this summer ought to amount to a sum sufficient to do a good deal of business on.

FROM A WESTERN VIEWPOINT

SPEAKING of the outlook for the year's closing months, the National City Bank of Chicago says:

There is good reason to believe that this last quarter of the year will be by far the most interesting of the whole twelve-month period. Political uncertainty is still holding up trade ventures, and indecision is reflected in many quarters that are ordinarily active at this time. But an offsetting influence which is bound to become more influential as the season advances is the certainty of a great corn crop—perhaps the largest ever harvested—and a cotton crop at least equal to that produced last year. The total crop production, therefore, is likely to reach an unusually high valuation.

Within the next three months various important financial operations that have been held back by the peculiar complications incident to the prolonged liquidation in securities and the unsettlement in general business will be put through. Many of the railroads are in need of funds, and although the disposition still is to borow as little as possible pending more settled developments, some financing will, in all probability, have to be arranged for in the near future if the important systems are to equip themselves to handle the larger business which will offer later on. It may be doubted, however, whether these requirements can be fully satisfied through the facilities of the short-term loan market.

Europe, in a way, holds the key to the situation in the United States, so far as the money market is concerned, because of the altogether phenomenal showing of our foreign trade. The whole story is told in the fact that for the first time since 1895, for the eight completed months ending with last August, the United States showed an import excess of $913,569. The really startling disclosures of these figures will be appreciated when it is recalled that for the same period of 1909 our exports exceeded imports by $59,482,000, while for the same months of 1908 the unprecedented export excess of $391,000,000 was reported. Such a showing suggests inevitably large gold exports later on unless the foreign demand for our securities enlarges or commodity prices in the United States decline to a level at which Europe will again become a large buyer.

After Election.

After the Congressional elections are held a better tone to general business may be expected to develop. At the moment business men everywhere have been unsettled by the complications in national politics and the uncertainty

that usually arises when the possibility of tariff revision is under discussion. The progress of the railroad freight rate inquiry and the support given the roads by the unions suggest that a compromise settlement may be arrived at ultimately which will be acceptable to all parties. It seems idle, however, to expect any definite announcement from the Interstate Commerce Commission for several months to come, as the investigation now under way has developed a great many questions of broad significance which can be only adjusted after the most painstaking work that has ever been expended upon such subjects.

One of the most favorable developments is the better tone shown by the bond market, which has lately reflected increased inquiry from institutions that have long deferred purchases. The fact that many high-grade issues are now obtainable at prices which show a remarkably advantageous investment yield indicates that the absorption from such sources will enlarge, with the result that the whole bond market will show definite improvement before long. The fact that no very heavy flotations have been attempted within the last two months has in a way relieved the congestion that the market showed in July when the reinvestment of semi-annual dividends was expected to enlarge the inquiry. The situation at the moment is much more satisfactory than it was then, and it seems reasonable to expect a better inquiry from investors in Europe as well as here in the not distant future. After a prolonged interval of depression such as the security markets have reflected for several months past, any sign of renewed public interest is almost invariably felt first in the bond market before it appears as a strengthening factor in the stock market, and this is as it should be.

CORPORATION PUBLICITY

WESTERN UNION'S MOVE IN THAT DIRECTION AND WHAT IT MEANS

By Peter Simmons

AT the company's offices at 195 Broadway, New York City, the directors of the Western Union were recently in session. Before the meeting lay a report of Messrs. Price, Waterhouse & Co., who had been appointed some eight months before to make a complete reappraisal of the Western Union's assets and property. Should or should not the contents of this report be made public?—that was the question being considered. Eventually it turned out to be the sense of the meeting that it should—that the shares of the company were widely scattered and that the shareholders had a right to know—that the company did business by public franchise, and that the public had a right to know. At the meeting's close, the Wall Street news agencies were called up and the facts given out. Within an hour they had been telegraphed to every part of the Union.

The Motive of the Movement.

To get to the bottom of this action on the part of Western Union, it is necessary to go back to last December when the American Telephone and Telegraph Company acquired the minority stockholdings of the Gould family in Western Union. Just how much stock was taken over was not at the time publicly announced. Whether it was twenty per cent. or twenty-five per cent., however, makes no difference; it was enough in the case of a company like Western Union, with its shares scattered all over the United States, to insure virtual control to the buyer. And, indeed, changes in the conduct of Western Union's affairs began at once to take

place. Most important of all was the decision on the part of the Executive Committee to find out the exact value of the property they had bought. "Here," they said, "we've taken over control of this corporation; we know it's an immensely valuable property, but we do not know exactly what it is worth. The values given in this old balance sheet may have been made some time ago, under different bookkeeping methods than the ones we propose to use. Let's find out now, not what this property may have been worth at some time in the past, but what it's worth now."

Making the Appraisal.

With that idea in mind one of the best known firms of chartered accountants in the country was engaged to make a thorough appraisal of the Western Union's real estate, equipment, and other assets. *Carte blanche* practically was given to the appraisers. Get at the facts, they were told, regardless of whether the values that you place on things agree with the figures as given in the old balance sheet or not. Every facility will be put at your command. The report which you will make is to represent an outside and independent view of what our assets amount to.

Instructed in that way, Messrs. Price, Waterhouse & Company went forward with the great work of investigation and appraisal. Almost the first thing they did was to retain the engineering firm of Westinghouse, Church, Kerr & Co. to aid them in making the physical valuation. With the aid of these engineers a complete appraisal of all the company's property, real estate, and equipment was made. The market for the securities held by the company, too, was closely figured. The old balance sheet, furthermore, was gone over with a fine-toothed comb, and any number of changes and adjustments made.

Result of the Investigation.

To make a long story short, when the investigation had been completed, the appraisers found that about 13 million dollars would have to be lopped off the 19-million-dollar surplus reported in the old balance sheet. Of this 13 million dollars about half represented a lower valuation of property and investments the other half consisting of adjustments which it was found necessary to make. That, however, is not so material. The real point of the thing is that when they had finished their investigation, the appraisers came to the company and said, "Here, we've made this valuation and we find that your 19-million-dollar surplus ought to be scaled down to about six million dollars."

There are some boards of directors who upon the receipt of such good news would have wanted to keep it all to themselves, but not so with this body of men headed by Theodore N. Vail. If it is true, they said, that our surplus does not amount to what the shareholders of this company have been led to believe it amounts to, it is the right of the shareholders to know it. If the modern valuation of this plant shows that the statement of our assets ought to be cut down by 13 million dollars or by 113 million dollars, the public and the stockholders of this company must be apprised of the fact. And so with-

out delay, without hesitation, the information was given out.

With regard to reasons why such a cut was necessary it may be said that, in the first place, radically changed methods of bookkeeping are largely responsible, and that in the second place there are different ways of looking at things—particularly liabilities to constituent companies. Under the old system for instance, it had been figured that the liability to the Gold & Stock Telegraph Company had been so and so much. Under the new system it was figured that the liability was about two million dollars more. Then again, values of real estate, and particularly of investments, change. What may have been a perfectly fair valuation at some time in the past might now be far from correct.

Publicity.

Western Union's action, important as it is in itself, has nevertheless a far wider significance in its bearing on the general question of corporation publicity. For the past two or three years it has become more and more apparent that the Star Chamber days in corporation finance are a thing of the past. The United States Steel Corporation's new move in giving out monthly statements of unfilled orders, the giving out of reports by many important companies who previously gave out practically no reports at all—these are all signs of the dawn of a new era in the relationship between the corporation and the public. It remained for Western Union, however, to set the landmark which will stand as a monument to the inauguration of the new movement. From one end of the country to the other its action has been received by corporation stockholders with unqualified approval. Similar action by other big companies, it is believed, is bound to follow. The time is at hand when the stockholder is to be a partner in fact as well as in name.

Question of Surplus.

Of course there is to be considered the fact that such a cut in surplus as was announced by Western Union is bound to give rise to a certain amount of uneasiness to stockholders of other companies who fear that the surplus in *their* company may, too, exist largely on paper only. From the published reports of many of the big industrial companies it would appear that perfectly huge surpluses exist—5, 10 even 20 million dollars. There are corporations, of course, who actually have the surplus they claim, but in most cases it must be admitted, were a revaluation like Western Union's to be made, these surpluses would have to be radically cut down.

That, however, is no more than is generally known to everyone but the most guileless investor. It is not believed that most of these industrial companies whose balance sheets show such big surpluses have anything like that amount of cash actually on hand. It will be a good thing, perhaps, if instead of such surpluses being reported, they are cut to what they actually ought to stand at, "as was done in the case of Western Union." Such action, if it becomes general, would of course be bound to bring about a certain amount of uneasiness and confusion, but those are conditions which inevitably accompany the reform of an abuse. The thrashing out of the railroad rate matter, for instance, has not done any good to the market for railroad securities, but in the long run is bound to prove beneficial. So it is with this movement which has been set in motion by the action of the Western Union Directors. The process itself may not be pleasant, but in the long run is bound to be on the constructive side of values.

ARE BONDS A PURCHASE?

SUMMING up a careful analysis of the bond market, Arthur Batty, of the firm of John T. Steele, Buffalo, makes the following observations:

Acknowledging that a ten-year average is a safe basis,—especially when

three periods of depression were experienced during that time

(a) That, if it be possible to purchase bonds at an average price of $5\frac{1}{8}$ per cent., less than the ten-year average when money conditions are considerably better than the average, is it not an opportune time to invest?

(b) Taking into account a gradual retrenchment in business and consequent decrease in interest rates, should not bonds sell on a lower income basis, and, therefore, at higher prices?

(c) Also the existence of a wholesome condition of the banks as to reserve and average surplus at the present time with a better and saner feeling toward corporate interests. (This especially applies to franchise corporation bonds in the State of New York, due to the test during the past three years of the Public Service Commission Act of 1907).

(d) With an average annual fluctuation in market values of only $5\frac{3}{4}$ per cent., are not bonds extremely conservative investments, especially when the average prevailing price is but $1\frac{1}{2}$ per cent. in excess of the extremely low prices of the panic of 1907?

(e) Are not bonds a purchase when it is possible to secure the same class on a basis to yield 0.28 per cent. in excess of the average annual income for the ten-year period; that is, 4.29 per cent. upon the thirty representative bonds, based upon present market prices as compared with 4.01 per cent. average income for the past decade?

NOT TOO MUCH GOLD

WITH one alleged economist seeking to outdo the next in weirdness of argument concerning the dire effect of increasing gold production, it is refreshing to come across a common-sense treatment of the subject such as is contained in a recent discussion of the "Future of Bonds" by Mr. Edmund D. Fisher, Deputy Comptroller of the City of New York. Referring to the marked lowering of bond prices during recent years. Mr. Fisher says:

The abnormal increase in the supply of gold, followed by higher commodity prices, has recently been frequently ascribed as the main reason for this change. There is, however, a serious question whether increased gold production has been the dominant factor. While it is probable that the stimulating effect of gold has been a contributing element in the increased activity of the world's business, still, the outlook over a long period of years tends to disprove its quantitative force in materially affecting prices. Gold production has more than trebled in amount during the last thirty years, but it is very doubtful whether the much smaller

on a fact economically apparent just a year ago, that the trade revival of 1909 was not only over-extended but that it had made its start from a tilted foundation. Precedents, particularly in the iron and steel industry, clearly outlined the probable culmination, but trade and speculative enthusiasm, especially in the west where prices of animal and agricultural products were lifted to the highest level in many years, assisted the general movement. Within an incredibly brief period, the production of iron was doubled, excelling all previous records, and the value of the finished products set a new mark in American manufacturing history.

Reaction.

A reaction was discernible before the end of last year but the stock market did not begin to realize that readjustment was under way until January, when prices broke violently. Political developments were directly charged with responsibility for the collapse and subsequent events were freely credited to the same depressing influence, whereas they were directly attributable to attempted nullification of the operation of natural laws. Failure to liquidate labor in 1908 made it impossible to deny demands for higher wages, when railroad and industrial corporations were last year showing phenomenal increases in earnings and were either restoring or increasing dividend disbursements. However, it was not until last spring that wage increases became a fixture. By that time, reaction in business had been progressing for some months. It is still uncompleted, partly because high wages and low efficiency of labor naturally tend to retard the movement. Nevertheless, the purchasing power of the dollar is slowly expanding. As compared with the high prices established on the Chicago Board of Trade in April and May, wheat has declined 13 cents per bushel, corn 16 cents and oats 8 cents per bushel. Wheat and corn are selling lower than at any time since 1907 and oats since 1906. Mess pork is $8 per barrel lower and market quotations on animal products in general are becoming more rational. Leather, lumber, boots and shoes, woolen fabrics, rubber, iron and steel and many manufactured articles are lower. Cotton remains high, partly because of a disappointing yield and partly because of a dangerous speculation.

The Need of Lower Prices.

Labor can hardly be expected to adjust itself to a changing situation in view of its commanding influence in political affairs and to the wholesome fear in which it is held by the railroads. Contentions of the latter for higher freight rates have been predicated largely on the plea that increased wages necessitate the rise in order to show a fair return on the capital invested. This may be the easiest solution of the question but labor cannot continue to command the present basis of remuneration unless there is a corresponding permanent elevation in cost of living. The pressing need of the country is for lower prices, particularly if the United States is to regain anything like its former position among grain exporting nations. An ability to compete in the world's markets likewise is essential if we are to liquidate our huge foreign indebtedness and to command free capital on attractive terms. Statistics show that the world's weekly shipments of wheat to importing European countries have recently been in excess of 15,000,000 bushels, of which the United States and Canada have been supplying about one-seventh. Our proportion several years ago was 40 to 50 per cent. Russia, Egypt, India and Argentina have been underselling us and have been strengthening their financial position largely at our expense.

Making the Turn.

Increase in manufactured exports has partially offset the decrease in cereal shipments, but the one thing needful to restore our financial equilibrium is to be able to offer our commodities at a level that will appear at-

tractive to consuming nations, as in 1908, when excess exports for the twelve months aggregated $636,461,300; last year the excess was $273,998,100. While our aggregate trade for nine months ending September 30 amounted to $2,395,300,000, the excess of exports was only $50,500,000, or, 2.11 per cent. of the total. This showing was made possible by the highly favorable statement for September. The excess of exports was $51,587,000 over imports as compared with the corresponding month in 1909, due largely to the unusually heavy shipments of cotton, which were accelerated by the bill of lading controversy. The need of a permanent change is apparent; when it comes the investment situation will lack many of the perplexing features of the past two or three years.

ANNOUNCEMENT

FOR the benefit of its many readers who want impartial information INVESTMENTS maintains a bureau fully prepared to answer questions on investment matters.

For this service, which is under the personal direction of the editor, no charge is made. The only condition is that postage to cover replies must accompany questions.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to October 20, approximate yield as figured November 1.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2, 1930	100¾-101¼	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorada 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95½- 96½	4.40
Va. 6s, B. B. & Co.ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	108 -108½	4.10
New York City 4½s, 1917	102¼-103¼	3.95
New York City 4s, 1959	99 - 99½	4.06
New York City 4s, 1955	98 - 98½	4.05
New York City 3½s, 1954	87½- 88¼	4.10
New York Coty 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅛- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅜-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn	230	250
Buffalo & Susquehanna, pref	10	12
Central New England	10	15
Central New England, pref	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	70
Cincin., N. O. & Tex. Pac	130	140
Cincin., N. O. & Tex. Pac., pref	102	106
Cincinnati Northern	50	60
Cleveland. Akron & Columbus	70	84

	Bid.	Asked.
Cleve., Cin., Chic. & St. L., pref..	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref....	..	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref.	90	100
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref.	90	95
Georgia, South & Florida, 2d pref.	70	75
Huntington & Broad Top	6	9
Huntington & Broad Top, pref...	20	30
Kansas City, Mexico & Orient...	15	18
Kansas City, Mex. & Orient. pref.	20	25
Louisville, Henderson & St. Louis.	12	18
Louisville, Hend. & St. L., pref...	30	37
Maine Central	205	...
Maryland & Pennsylvania	15	24
Michigan Central	155	175
Mississippi Central	30	35
Northern Central, new ctfs	200	...
Pitts., Cin., Chic. & St. L., pref....	101	112
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern..	1	...
Pere Marquette	24	35
Pere Marquette, 1st pref.	45	58
Pere Marquette, 2d pref.	30	40
St. Louis, Rocky Mt. & Pac., pref.	..	40
Seaboard 1st pref.	70	75
Seabord 2d pref.	39	43
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref...	50	70
Virginian	18	25
Vandalia	80	84
Williamsport & North Branch	1	4

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)..	270	300
Allegheny & West'n (B. R. I. & P.).	135	145
Atlanta & Charlotte A. L. (So.R.R.).	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)....	218	221
Boston & Providence (Old Colony).	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	135
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)..	112	120
Cayuga & Susquehanna (D.L.&W.).	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	90
Cleveland & Pittsburg (Pa. R. R.).	164	170
Cleveland & Pittsburg Betterment..	93	100
Columbus & Xenia (Pa. R. R.)....	200	215
Commercial Union (Com'l C. Co.)..	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)....	155	170
Concord & Portsmouth (B. & M.)..	175	...
Conn. & Passumpsic (B. & L.)..	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)..	180	190
Delaware & Bound B. (Phila. & R.).	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	250	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)....	220	240
Erie & Pittsburg (Penn. R. R.)....	135	...
Franklin Tel. Co. (West. Union)..	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)....	100	110
Grand River Valley (Mich. Cent.)..	120	...
Hereford Railway (Maine Central).	85	92
Inter Ocean Telegraph (W. U.)....	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson. Lans. & Saginaw (M. C.)..	84	[illegible]
Joliet & Chicago (Chic. & Al.)....	164	[illegible]
Kalamazoo, Al. & G. Rapids (L. S. & S.)	135	[illegible]
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	[illegible]
K. C. St. L. & C. pfd. (Chic. & Al.).	125	[illegible]
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)..	170	...
Morris & Essex (Del. Lack. & W.).	173	180
Nashville & Decatur (L. & N.)....	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.).	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	107	118
N. Y. & Harlam (N. Y. Central)..	300	...
N. Y. L. & Western (D. L. & W.).	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)....	156	164
North Pennsylvania (Phila. & R.)..	196	...
North. R. R. of N. J. (Erie R. R.).	85	95
Northwestern Telegraph (W. U.)..	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)..	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.).	95	105
Old Colony (N.Y.,N.H.&H.)	180	...
Oswego & Syracuse (D. L. & W.)..	215	225
Pacific & Atlantic Tel. (W. U.)....	60	...
Peoria & Bureau Val. (C.R.I.&P.).	175	185
Philadelphia & Trenton (Pa.R.R.).	248	...
Pitts. B. & L. (P. L. E. & C. Co.).	32	35
Pitts., Ft. Wayne & Chic. (Pa.R.R.)	166	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.).	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)..	195	...
Rome, Watertown & O. N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)...	80	100
Sixth Av. R. R. (Met. S. R. Co.)..	112	130
Southwestern R. R. (Cent. of Ga.).	100	110
Troy & Greenbush (N. Y. Cent.)..	165	...
Twenty-third St. R. R. (M. S. R.)..	200	250
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.).	241	248
Valley of New York (D., L. & W.).	122	130
Ware R. R. (Boston & Albany)....	160	...
Warren R. R. (D., L. & W.)	168	175

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities. 25 Broad street, New York City.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	54	60
Bway Surf Ry 1st 5s..	1924	J&J	102	104
Bway & 7th Av stock....		....	120	135
Bway & 7th Av Con 5s.	1943	J&J	100	102
Bway & 7th Av 2d 5s.	1914	J&N	99	100⅛
Col & 9th Av 1st 5s..	1993	M&S	95	100
Christopher & 10th St....		QJ	80	95
Dry Dk E B & Bat 5s.	1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	40	49
42d St M & St N Av 6s.	1910	M&S	99½	100⅛

		Bid.	Asked.
Lex Av & Pav Fy 5s..1922	M&S	95	98
Second Av Ry stock.......	....	7	14
S[illegible]ond Av Ry 1st 5s..1909	M&N	97½	99
S[illegible]nd Av Ry Cons 5s.1948	F&A	50	60
[illegible]h Av Ry stock........	....	120	135
[illegible]h Ferry Ry 1st 5s.1919	A&O	88	91
[illegible]yt'n W P & M 5s.1928	M&S	60	80
[illegible]on Ry 1st 5s......1942	F&A	100	102
[illegible]chester El Ry 5s.1943	J&J	65	85
Y[illegible]nkers Ry 1st 5s..1946	A&O	70	85
New Amst Gas Cons 5s.1927	J&J	100½	102
Central Union Gas 5s..1932	M&S	104	107
Equitable Gas Light 5s.1948	J&J	99	101
N Y & E R Gas 1st 5s.1944	J&J	102	104
N Y & E R Gas Con 5s.1945	J&J	98	100
Northern Union Gas 5s.1927	M&N	99	101
Standard Gas Light 5s.1930	M&N	103	106
Westchester Light 5s..1950	J&D	100	102
Brooklyn Ferry Gen 5s.1943	....	20	26
Hoboken Fy 1st mtg 5s.1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	96	99
NY & East River Fy......	QM	20	28
10th & 23d St Ferry......	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	65	75
Union Ferry	QJ	26	29
Union Ferry 1st 5s....1920	M&N	95	99

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17....	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13....	4⅝	4¼
Ches. & Ohio 4%, Oct., '16.......	5	4½
Chic. & Alton 4%, June, '16......	5½	5
Chic. & Alton 4½%, Nov., '18..	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22......	4¼	4⅛
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13.........	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14........	4½	4¼
Seaboard Air Line 5%, June, '11..	6	5
So. Ry. 4½%, Series E, June, '14	5½	4⅞

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	70	75
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	85½	87½
Continental Coal 1st 5s, 1952......	95	100
Fairmount Coal 1st 5s, 1931.......	93	95
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951......	99	101
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951..............	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955.	70	80
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co.,, 1st 5s, 1928	88	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932....	92	95
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942..	80	83½
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agrl. Chem. 5s	102	102¼
Amer. Steel Founderies 4s, 1923...	69	71
Amer. Steel Founderies 6s, 1935..	100	102
Balt. & Ohio, Southwest. Div. 3½s.	90	90½
Bethlehem Steel 5s	84	85
Chi., Burlington & Quincy Gen. 4s.	97½	98
Chi., Burl. & Quincy Ill. Div. 4s...	100¼	101
Chi., Burl. & Quincy Ill. Div. 3½s.	88	89
Cin.. Hamilton & Dayton 4s.....	97¼	93¾
Denver & Rio Grande Ref'ng 5s..	92½	93
Louis. & Nashville unified 4s......	98	98½
Mason City & Ft. Dodge 4s.......	81	84
Norfolk & West. Divisionals 4s...	93	94
Savannah, Florida & Western 6s..	122½	125
Va. Carolina Chem. 1st 5s.......	99¾	100¼
Western Maryland 4s	86½	87
Wheeling & Lake Erie cons. 4s....	83	86
Wis. Central, Superior & Duluth 4s	92¾	93½
Western Pacific 5s	94½	95½

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. Com.	37	39
Bonds, 6%, due 1932 (Int.)	93	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	75	80
Guanajuato Power & El. Co. Com	37	39
Arizona Power Co., bonds 6%, due 1933	85	93
Arizona Power Co. pref.	45	50
Arizona Power Co. com.	19	23
Great Western Power Co. bonds, 5%, due 1946	89	90
Western Power Co. pref..........	68½	69½
Western Power Co. com..........	37½	38½
Mobile Elec. Co. bds., 5%, due 1946	88	90
Mobile Electric Co. pref., 7%......	80	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co., pref., 6%..	78	80
Amer. Power & Lt. Co. com.....	47	47½

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	91¾	92¾
do 3s	82½	83½
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	100½	101½
Hessian Govt. 3½s	90¼	91¼
Saxony Govt. 3s	82¼	83¼
Hamburg Govt. 3s	81¼	82¼
City of Berlin 4s	100	101
City of Cologne 4s	99¾	100¾
City of Augsburg 4s	99½	100½
Cityof Munich 4s	99½	100½
City of Frankfurt 3½s	92½	93½
City of Vienna 4s	95½	96½
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	91½	92½
French Govt. Rente 3s	96½	97½
British Consols 2½s	79½	80½

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Brass	120	125
American Chicle com.	220	225
American Chicle pref.............	98	103
American Coal Products	94	97
American Gas & Electric com....	42	46
American Gas & Electric pref....	39	42

	Bid.	Asked.
Adoms Express	255	275
American Express	250	270
American Light & Traction com.	275	282
American Light & Traction pref.	100	103
American District Tel. of N. J.	48	53
Babcock & Wilcox	95	100
BordensCondensed Milk com.	113	115
Bordenrs Condensed Milk pref.	103	104½
Bush Terminal	92½	96
Childs Restaurant Co. com.	135	140
Childs Restaurant Co. pref.	105	110
Cripple Creek Central com.	20	30
Cripple Creek Central pref.	41	46
Del. Lack. & Western Coal	205	215
Du Pont Powder com.	145	150
Du Pont Powder pref.	82	86
E. W. Bliss com.	121	126
E. W. Bliss pref.	125	135
Hudson & Manhattan com.	15	20
International Nickel com.	135	140
International Nickel pref.	88	93
International Silver com.	50	80
International Silver pref.	107	114
Int. Time Recording com.	180	200
Int. Time Recording pref.	108	115
Kings Co. E. L. & P.	122	127
Oil Fields of Mexico	55	65
Otis Elevator com.	46	50
Otis Elevator pref.	92½	96
Pacific Gas & Electric com.	63½	66
Pacific Gas & Electric pref.	86	90
Phelps, Dodge & Co.	200	215
Pope Manufacturing com.	59	64
Pope Manufacturing pref.	77	80
Producers Oil	143	148
Royal Baking Powder com.	190	195
Royal Baking Powder pref.	104	107
Safety Car Heating & Lighting	128	131
Sen Sen Chiclet	133	138
Singer Manufacturing	315	330
Standard Coupler com.	32	40
Texas & Pacific Coal	98	103
Tri-City Railway & Light com.	22	25
Tri-City Railway & Light pref.	87	91
U. S. Express	105	115
U. S. Motors com.	52	56
U. S. Motors pref.	72	76
Union Typewriter com.	51	55
Underwood Typewriter pref.	98	101
Underwood Typewriter com.	55	58
Virginian Railway	19	24
Well Fargo Express	166	169
Western Pacific	24½	26½
Western Power com.	38	42
Western Power pref.	68	72
Worthington Pump pref.	106	110

BANK AND TRUST COMPANY STOCKS

[Corrected to October 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	...
Amer. Exchange Nat. Bk.	10	230	...
Audubon Bank	..	115	125
Bank of America	26	580	600
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	310	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	115	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	300	...
Bryant Park Bank	..	155	...
Butchers & Drovers Bank	6	135	145
Century Bank	6	160	175
Chase National Bank	6	425	440
Chatham National Bank	16	300	325
Chelsea Exchange Bank	8	205	225
Chemical National Bank	15	425	435
Citizens Central Nat. Bk.	6	150	160
Coal & Iron Nat. Bank	6	145	...
Colonial Bank	10	395	425
Columbia Bank	12	350	400
Corn Exchange Bank	16	308	315
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	840	860
Fourteenth Street Bank	6	150	160
Fourth National Bank	8	184	190
Gallatin National Bank	14	325	...
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	460	...
Germania Bank	25	500	...
Gotham National Bank	..	150	...
Greenwich Bank	10	...	260
Hanover National Bank	16	600	630
Importers' & Traders Nat. Bank	24	540	560
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	175
Liberty National Bank	20	600	...
Lincoln National Bank	10	405	430
Market & Fulton Nat. Bk.	12	250	...
Mechanics & Metals Nat. Bank	12	245	255
Mercantile Nat. Bank	6	150	160
Merchants' Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	175	...
Metropolitan Bank	8	200	208
Mount Morris Bank	10	250	...
Mutual Bank	8	275	...
Nassau Bank	8	240	...
Nat. Bk. of Commerce	8	200	203
Nat. Butchers & Drovers	6	135	145
National City Bank	10	385	395
National Park Bank	16	350	355
National Reserve Bank	6	100	110
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	310	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	230
Nineteenth Ward Bank	..	...	260
Northern Bank	6	...	105
Pacific Bank	8	230	240
People's Bank	10	250	280
Phenix National Bank	8	180	200
Plaza Bank	20	600	...
Seaboard National Bank	12	400	...
Second National Bank	12	400	...
Sherman National Bank	..	125	...
State Bank	10	...	300
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	8	165	...
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	330	345
Bankers' Trust Co.	16	625	650
Broadway Trust Co.	..	140	150
Brooklyn Trust Co.	20	435	...
Carnegie Trust Co.	8	100	110
Central Trust Co.	45	1000	...
Columbia Trust Co.	8	270	...
Commercial Trust Co.	..	115	...
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	460	475
Farmers' Loan & Trust Co. (par $25)	50	1625	1675
Fidelity Trust Co.	6	200	210
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	2[illegible]0	220
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	795	805
Guardian Trust Co.	..	...	175
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	150	170
International Bank'g Corp.	..	90	103
Kings Co. Trust Co.	16	500	...

	Div. Rate.	Bid.	Asked.
Knickerbocker Trust Co.	12	285	295
Lawyers' Title Insurance & Trust Co.	12	250	260
Lawyers' Mortgage Co.	12	235	240
Lincoln Trust Co.	..	130	145
Long Isl. Loan & Trust Co.	12	300	...
Madison Trust Co.	..	...	210
Manhattan Trust Co. (par $30)	12	380	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	515
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	260	270
N. Y. Life Ins. & Trust Co.	45	1100	1125
N. Y. Mtg. & Security Co.	12	190	205
New York Trust Co.	32	...	650
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	...	100
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	492	500
Trust Co. of America	10	320	330
Union Trust Co.	50	1270	1330
U. S. Mtg. & Trust Co.	24	475	...
United States Trust Co.	50	1185	1210
Van Norden Trust Co.	..	...	210
Washington Trust Co.	16	375	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	100	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
First National Bank	12	400
First Ward Bank	8	185
Fourth National Bank	7	173
Merchants National Bank	10	251¼
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	116
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	196
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	124
People's National Bank, Roxbury	5	124
Second National Bank	10	261½
South End National Bank	5	104½
State National Bank	7	170
Webster & Atlas National Bank	7	175
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	205
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	325
Old Colony Trust Co.	20	700
Puritan Trust Co.	8	200
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	...	110
Austin State Bank	10	280	...
Central Trust Co.	7	164	168
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	150
Citizens Trust Co.	4	125	...
Colonial Tr. & Sav. Bank	10	180	185
Drexel State Bank	6	...	151
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	118	123
Farwell Trust Co.	6	120	125
Hibernian Banking Assn.	8	213	216
Illinois Tr. & Sav. Bank	20	498	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	135	140
Lake View Tr. & Sav. Bk.	5	140	145
Merchants Loan & Tr. Co.	12	423	435
Metropolitan Tr. & Sav. Bk	6	119	123
Northern Trust Co.	8	314	318
North Avenue State Bank	6	138	142
North Side State Bank	6	135	...
Northwest State Bank	4	117	120
Northwestern Tr. & Sav. Bk.	6	137	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank	8	160	165
Railway Exchange Bank	4	125	...
Security Bank	6	178	185
Sheridan Tr. & Sav. Bank	6	110	112
South Side State Bank	..	140	150
State Bank of Chicago	12	340	...
State Bank, Evanston	10	290	...
Stockmen's Trust Co.	5	115	118
Stock Yards Savings Bank	8	...	215
Union Bank	6	134	138
Union Trust Co.	8	275	...
Wendell State Bank	..	110	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	145	150
Wilmette Ex. State Bank	..	110	115
Woodlawn Trust	8	136	142

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	300	...
Corn Exchange Nat. Bank	16	415	420
Drovers Deposit Nat. Bank	10	220	225
First National Bank	16	425	428
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	170	180
Live Stock Exchange Nat. Bank	10	230	235
Monroe National Bank	4	130	135
Nat. Bank of the Republic	8	190	198
National City Bank	6	218	221
National Produce Bank	4	145	150

J. RUTHERFORD McALLISTER

President Franklin National Bank of Philadelphia

A NOTABLE instance of splendid achievement resulting from the infusion of young blood into a business enterprise of great strength is afforded by the rapid rise of J. Rutherford McAllister from a clerical position to the presidency of the Franklin National Bank of Philadelphia.

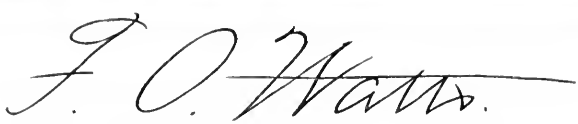
His management has been distinguished by a forceful, energetic and yet conservative policy, by which the bank has forged to the front like a young giant.

Mr. McAllister, with the responsibility of management upon him, has the knack of adjusting the burden so that it does not chafe, and the esprit de corps that pervades the Franklin National Bank is but the natural reflection of his own intense energy, vigor and good will.

A very good portrait of Mr. McAllister appears as a frontispiece in this issue of The Bankers Magazine.

ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION WELL ATTENDED

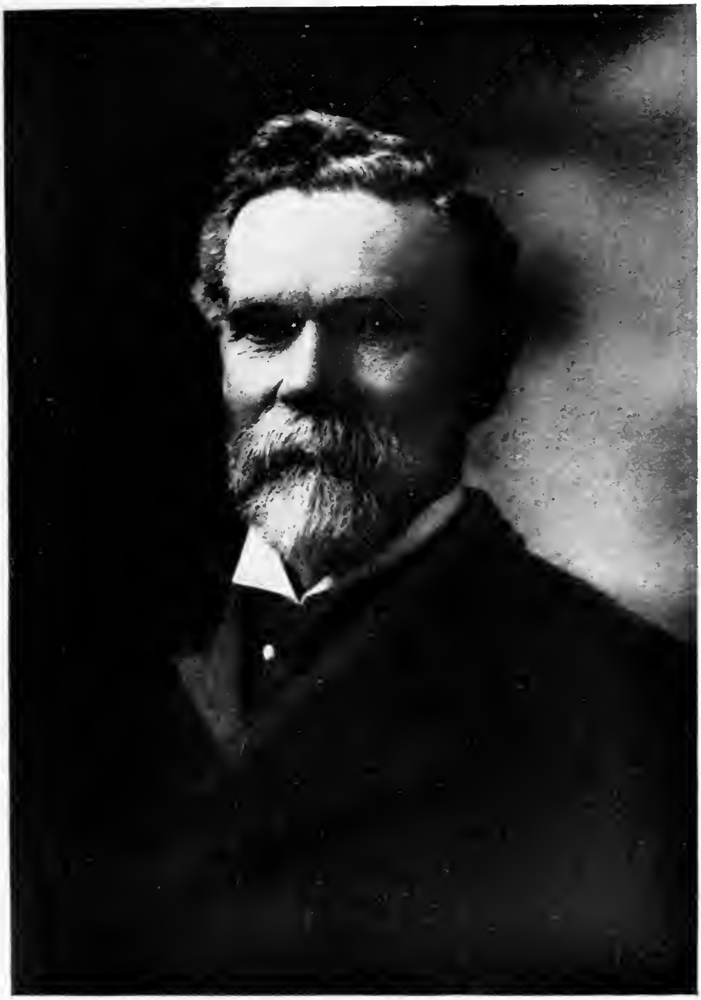
SOME MOMENTOUS QUESTIONS TAKEN UP AND DISCUSSED—FRANK O. WATTS, OF NASHVILLE, THE NEW PRESIDENT



Newly Elected President American Bankers' Association

PRINTED records and delightful memories are all that remain of the thirty-sixth annual convention of the American Bankers' Association. For attendance and interest this convention eclipsed all former ones. Fully 1,500 delegates were present from Monday, October third, to Friday, October seventh, and for every delegate there was at least one visitor bringing the total attendance up to three thousand. Los Angeles, the scene of the convention, put on gala attire to welcome

those who journeyed there from every corner of this country. The railroads, hotels and telephone companies extended unusual courtesies to the visitors, while the hospitality of the Los Angeles bankers was unbounded. by the results accomplished, the Los Angeles convention was noteworthy in many respects other than for its record-breaking attendance. This fact is emphasized by noting the various reports and resolutions



W Livingstone

Newly Elected Vice-President American Bankers' Association

Along the route to and from the convention, and especially where long stops were made, attentions were showered upon the travelers to such an extent that the trip across the continent was minded not at all by those compelled to make it. Measured submitted and accepted by the convention.

The first day's session was taken up mostly with preliminary work and committee meetings. There were seventeen of these meetings scheduled for the day, and the work was completed by evening.

President Lewis E. Pierson called the convention to order on Tuesday morning. The invocation was delivered by Rev. Robert J. Burdette, pastor emeritus, Temple Baptist Church of Los Angeles, and the addresses of welcome were delivered by Hon. James N. Gillet, governor of California, Hon. Geo. Alexander, mayor of Los Angeles, and W. H. Holliday, president Los Angeles Clearing House Association. Geo. H. Russel of Detroit, Mich., an ex-president of the association, responded to their cordial greetings. The remainder of the forenoon was devoted to the annual address of President Pierson and reports of General Secretary Farnsworth, Treasurer Kauffman, General Counsel Patten and the Executive Committee, William Livingstone, chairman.

CHARLES H. HUTTIG

Made Chairman Executive Council American Bankers' Association

At 12.15 o'clock, Irving T. Bush, of New York, chairman National Currency League, delivered an address on "Needed Banking and Currency Reforms from the Standpoint of the Commercial Interests of the Country." Others who spoke the first day (Tuesday) were: Dr. Benj. Ide Wheeler, president of the University of California; R. G. Rhett, president People's National Bank, Charleston, S. C.

One of the big events of the week was the grand ball given in the Al Maiaikah Shrine Coliseum, on Tuesday night.

Wednesday the trust company men occupied the center of the stage. A complete resumé of their deliberations will be found in the department of this magazine devoted to trust companies.

Likewise the proceedings of the savings banks section will be found reviewed elsewhere in this issue of THE BANKERS MAGAZINE.

The executive council report as read was as follows:

Since the last convention of this association, which was held in Chicago, September 13-19, 1909, the Executive Council has held two meetings; one immediately following the adjournment of the Chicago Convention, and the other was held at Atlantic City, May 3 and 4, 1910. The details of these meetings were published in the "Journal" of October, 1909, and May, 1910.

At the meeting of the Council at Atlantic City, N. J., a committee of local bankers and hotel representatives extended to this association an invitation to hold our 1911 convention in that city.

Mr. Charles H. Huttig, president Third National Bank, St Louis, Mo., was unanimously elected to fill the vacancy on the Executive Council caused by the resignation of Mr. J. Fletcher Farrell, he having removed to Chicago.

The special committees appointed at our May meeting were as follows:

Committee on printed forms for national and State banks:

John M. Miller, Jr., vice-president and cashier First National Bank, Richmond, Va., chairman; Pierre Jay, vice-president Bank of Manhattan Company, New York City, N. Y.; J. Fletcher Farrell, vice-president Fort Dearborn National Bank, Chicago, Ill.

Committee on false statements:

Sol. Wexler, vice-president Whitney-Central National Bank, New Orleans, La., chairman.

E. J. Buck, president City Bank and Trust Company, Mobile, Ala.

William A. Law, first vice-president First National Bank, Philadelphia, Pa.

A resolution embodied in the report of the American Institute of Banking, which was offered, which referred to the consolidation of the Journal of the American Bankers' Association and the Bulletin of the American Institute of Banking, which was in the form of a motion by Mr. Ralph C. Wilson, and the same was adopted. In part the resolution called for the subject-matter referred to the Institute Committee in conjunction with the officers of the association, with power to arrange details, and at a later date the arrangements were perfected for this consolidation, the first issue being under date of July, 1910.

A resolution was offered by Mr. Wexler and adopted, which resolution was to the effect that it was the sense of the Executive Council of this association that a World's Panama Exposition be held at the most fitting place in 1915 to commemorate

the completion of the Panama Canal, and the resolution recommending the passage of proper resolutions in favor of same at this meeting.

The executive officers have held frequent meetings during the past year in New York City to thoroughly consider association matters with the general secretary.

Our association is to be congratulated upon the most excellent work of its several committees during the past year. Their efforts have been continuous and as a whole successful. Their reports will be found to contain a fund of valuable information, full of interest to all of our members, and a careful study of their reports cannot fail to prove both interesting and profitable.

To the members of our association we commend most highly the efficient work of your secretary and his subordinates during the past year. Their efforts have been unceasing, full of energy, effective in results and are entitled to great credit.

A feature of the closing session was the address of Senator Theodore S. Burton of Ohio, outlining the work and scope of the United States Monetary Commission and asking the coöperation of the American Bankers' Association.

Invitations for the convention in 1911 were presented from New Orleans, Atlantic City, San Antonio, Richmond, Niagara Falls and St. Louis, but the matter of making a selection was left to the executive council to decide next May.

The convention went on record as indorsing a plan to hold an exposition in 1915 in commemoration of the opening of the Panama canal, but no indorsement for a site was made.

A resolution asking Congress to appropriate sufficient funds to defray the cost of transporting silver free of charge in the United States was adopted.

Officers for the ensuing year were elected as follows: For president: Frank O. Watts, president First National Bank, Nashville, Tenn.; for vice-president: William Livingstone, president Dime Savings Bank of Detroit; for treasurer, Arthur Reynolds, president Des Moines National Bank of Des Moines, Iowa.

At a meeting of the executive committee Charles H. Huttig, president Third National Bank of St. Louis was chosen chairman for the ensuing year and Col. Fred E. Farnsworth of New York was re-elected general secretary of the association.

The Trust Company Section elected O. C. Fuller, of Milwaukee, president; L. L. Gillespie, of New York, vice-president, and F. H. Fries, of Winston-Salem, N. C., chairman of the executive committee.

The Savings Bank Section elected Edward L. Robinson, Baltimore, president, and Alfred L. Aiken, Worcester, Mass., vice-president.

W. F. Keyser, of Sedalia, Mo., was re-elected secretary of the organization of secretaries.

Frank O. Watts, the president-elect of the American Bankers' Association, with the exception of one other, is the youngest president the association has ever had. His rise in the banking field has been meteoric, and due to a great extent to his interest in state and national bankers' associations.

FRED. E. FARNSWORTH
Re-elected General Secretary American Bankers' Association

He was made cashier of the First National Bank of Union City, Tenn., before reaching his majority, a procedure that required special permission from the government at Washington.

After fifteen years of service in Union City, Mr. Watts came to Nashville and accepted the same position with the First National of that city. A few years later he became the president a position he has held for thirteen years. In 1906, when the national convention was held in St. Louis, Mr. Watts was elected one of five members of the executive council leading the ticket by over fifty votes. At Denver he was unanimously elected chairman of the executive council. Last year at Chicago he was chosen vice-president of the association, a position he has filled with credit.

THE PENNSYLVANIA RAILROAD'S NEW YORK IMPROVEMENT

OPENING OF THE NEW STATIONS AND TUNNELS

ABOUT December first the new station of the Pennsylvania Railroad will be opened in New York City, and at the same time the running of trains through the new North River tubes will begin (operation of the East River tunnels having been started several weeks earlier). This not only means the consummation of a remarkable achievement in engineering and architecture, but is a striking evidence of a wisely progressive policy on the part of one of America's greatest railroad systems.

An enterprise of such magnitude, calling for an enormous outlay of capital, and involving the solution of complicated engineering problems, could not have been carried out without the exercise of foresight amounting almost to daring. As to one element in the undertaking—one which is always of the first importance in transportation enterprises—there was no doubt; the traffic existed already, waiting to be properly handled.

It was Alexander J. Cassatt, the late president of the Pennsylvania Railroad Company, "whose foresight, courage and ability achieved the extension of the Pennsylvania Railroad System into New York city." These words are inscribed beneath a bronze statue of Mr. Cassatt, which appropriately occupies a prominent place in the new station.

Pennsylvania Station in New York—Detail of Main Entrance on Seventh Avenue

Growing Traffic and Increased Population.

That President Cassatt had adequate grounds for beginning this great work may be inferred from the following facts regarding the growth of traffic and population in the neighborhood of New York city.

Railroads on the Western bank of the Hudson river opposite New York city, car-

ried, in 1886, nearly 59,000,000 people. In 1890 they carried over 72,000,000, in 1896 more than 94,000,000 and in 1906 about 140,000,000 people.

In 1890 the population within a circle of nineteen miles radius, with City Hall, Manhattan, as the center, was 3,326,998; in 1900 it was 4,612,153, and five years later 5,404,638, an increase in ten years of thirty-eight per cent. In 1913 it is estimated that the population of this territory will approximate six million people, and in 1920 eight million.

This rapid growth of population in the New York Metropolitan district was of itself sufficient incentive for the undertaking of these extensive improvements. But of course these figures tell only a part of the story. They reflect, in a general way, the growth in population that has been going on throughout the territory served by the Pennsylvania System, and indeed throughout the whole country.

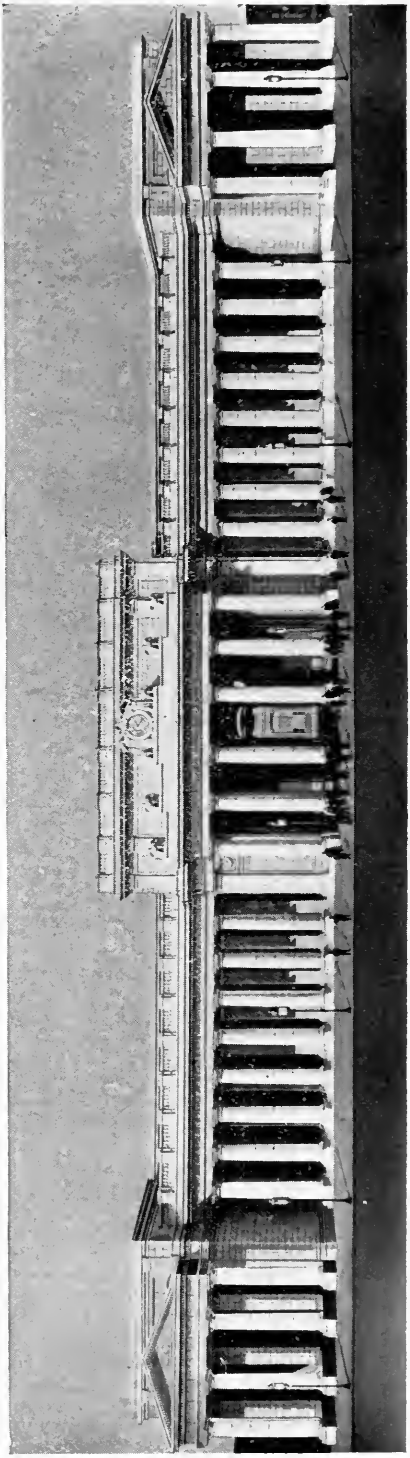
The rapid development of New York as a point of manufacture and consumption, its evergrowing import and export trade, made it imperative in these improvements to take heed of the enlarged requirements of freight traffic also, and while the tunnels themselves are at present restricted to the carrying of passengers, the freight facilities in New York harbor have been vastly bettered by these improvements. As a result of the acquirement of the Long Island Railroad by the Pennsylvania Company, the facilities for travel between the city and the Long Island suburbs, including the numerous summer resorts, have been much improved, while the water transportation trip for freight for the New England traffic across New York harbor has been shortened from twelve miles to three and four-tenths miles.

The New Station.

From the illustrations herewith presented, a better idea of the new station may be had than can be conveyed by description. The building is of the Roman Doric style, and while its facades suggest the ancient Roman baths and temples, a fuller view impresses one with the real character of the structure—that of a great railway station.

The building covers the area bounded by Seventh and Eighth avenues and Thirty-first and Thirty-third streets. The main body of the building approximates in height the Bourse of Paris, reaching seventy-six feet above the street level.

One of the distinctive features is the waiting room, which extends from Thirty-first to Thirty-third streets, its walls parallel to Seventh and Eighth avenues for a distance of 314 feet four inches. The height of this room is 150 feet and its width 108 feet eight inches. The walls of the waiting room above the main body of the building



contain on each side three semi-circular windows of a radius of thirty-three feet four inches, and sixty-six feet eight inches wide at the base. There is also a window of like size at each end of the waiting room.

The dignified design of the interior of the waiting room, while fully adapted to modern ideas, was suggested by the great halls and basilicas of Rome, such as the baths of Caracalla, Titus and Diocletian, and the basilica of Constantine, perhaps the greatest examples in history of large roofed-in areas treated in a monumental manner.

The main waiting room on the concourse level is the largest in the world. Within its walls are located the ticket offices, baggage checking windows, and telephone and telegraph offices, so conveniently arranged that a passenger may proceed from one to the other with a minimum amount of exertion and without retracing his steps. Adjoining the general waiting room on the West side are waiting rooms, each fifty-eight by one hundred feet.

The Roman Travertine stone used in the arcade and general waiting room comes from the quarries in the Roman Campagna, near Tivoli, Italy. It is the stone of which imperial and modern Rome is principally built, these quarries having supplied the major part of the building stone of Rome for many centuries. Notable examples of its use are the Coliseum and St. Peter's Cathedral. It was imported into this country for the first time by the Pennsylvania Railroad Company for use in the Pennsylvania Station in New York.

Detail of Thirty-third Street Entrance to Main Waiting-room

The vast waiting rooms and concourses afford the amplest facilities for handling the enormous passenger traffic that will hourly flow through this gateway of the metropolis, with the least possible chance of delay and confusion and with a maximum of safety, convenience and comfort. Provisions for handling baggage and for taxicab and carriage service are more than liberal, while the great restaurant and lunch rooms, equipped according to the last word, will

be quite able to feed the hungry and hurrying throngs.

The area of the station and yard is twenty-eight acres, and in this there are sixteen miles of track. The storage tracks alone will hold 386 cars. There are eleven passenger platforms, with twenty-five baggage and express elevators. The highest point of the tracks in the station is nine feet below sea level.

The station building is 784 feet long and 430 feet wide. The average height above the street is sixty feet, while the maximum is 153 feet. To light the building it will take about 500 electric arcs and 20,000 incandescents.

More than 150,000 cubic yards of concrete were required for the retaining walls, foundations, street bridging and the sub-structure. There are 650 columns supporting the station building and the greatest weight on any one of these is 1,658 tons.

The maximum capacity in trains per hour of all of the Pennsylvania tunnels is 144, and the proposed initial daily service will consist of about 600 Long Island Railroad trains and 400 Pennsylvania trains.

The stone work of the station, covering some eight acres of ground, was completed on July 31, 1909. To enclose this vast area has necesitated the building of exterior walls aggregating 2,458 feet—nearly half a mile—in length, and has required 490,000 cubic feet of pink granite. In addition, there have been utilized inside the concourse 60,000 cubic feet of stone. A total of 550,000 cubic feet of "Milford pink granite" have thus been utilized in the construction and ornamentation of this building. It took 1,140 freight cars to transport these 47,000 tons of stone from Milford, Mass.

In addition to the granite, the construction of this building has called for the use of 27,000 tons of steel. There have also been set in place some 15,000,000 bricks, weighing a total of 48,000 tons. The first stone of the masonry work on the building was laid June 15, 1908; the entire masonry was thus completed in approximately thirteen months after the work was begun.

Exit to Thirty-third Street from Main Waiting-room, showing Doors leading to Driveway

THE NEW TUNNELS.

The river tunnels leading to the station are, all told, 6.8 miles long, and the land tunnels have the same length. From the Bergen Hill portal in New Jersey to the Long Island entrance of the tunnels it is 5.3 miles. It is 8.6 miles from Harrison, New Jersey, to the station in New York, while from the latter point to Jamaica the distance is 11.85 miles.

The New York tunnel extension of the Pennsylvania Railroad running east and west from the New York station begins at Harrison, New Jersey, a short distance east of Newark. Here is located a transfer yard for the huge electric locomotives used in the tunnels. At this point through passenger trains from Southern and Western points will change from steam to electric power, and passengers whose destination is in the downtown district of New York may alight here and walk across the transfer platform to an electric train which will run into the Church and Cortlandt street station of the Hudson & Manhattan Railroad. This downtown rapid transit electric train starts from a new station on Military Park, in Newark, thence by a new bridge over the Passaic River at Centre street, to Harrison, where passengers may transfer to trains for the Pennsylvania station uptown or continue to Jersey City and lower New York.

The through trains for New York leave Harrison on rails crossing over the old Pennsylvania tracks on a steel and concrete bridge. A double-track elevated line on embankments and bridges extends across the Hackensack meadows to Bergen Hill, that high eminence which is a continuation of the rocky cliffs extending along the Hudson River. In the western slope of this hill are found the entrances to the tunnels which lead under the North River, into the station in New York.

Detail of Portion of the West Wall, Main Waiting-room, looking toward Concourse

The construction of the Pennsylvania Railroad tunnels under the North and East Rivers into New York and New Jersey, attaining a maximum depth of ninety-seven feet below mean high water, and built for a heavy and high-speed traffic of great vol-

ume, was an undertaking without precedent.

The tunnels or tubes themselves consist of a series of iron rings, and the installation of every ring meant an advance of two and a half feet. Eleven segments and a key piece at the top complete the circumference, and an entire ring weighs about fifteen tons. The cast-iron plates, or sections of the ring, have flanges at right angles to the surface, and it is through these that the successive rings are held together with bolts. The record progress in one day of eight hours was five of these rings, or twelve and one-half feet. Hydraulic rams, placed against the flanges every few inches around the tube, were used to push forward the huge shields with which the tunnels were bored. This type of shield weighed 194 tons. It had nine doors in it, and through these came the rock, or sand, or silt, or whatever material the tube penetrated.

To insure that the east and west-bound shields would meet exactly, the engineers calculated the difficulties closely, and a really remarkable system of reports was in effect from the first day work was started. Every morning they knew the progress made in the tunnels the day before, to the very inch, and the amount of rock and soil excavated, to the cubic foot. The Pennsylvania Railroad officers and the engineers hold this perfect system and the thoroughness of each day's work chiefly responsible for the accuracy of the meeting of the tubes.

Engineers say, too, that no project was ever carried out where emphasis was placed entirely upon the results—strength, safety, permanency—rather than upon the money it cost to attain them.

The shields in the north tube under Hudson River met on September 17, 1906. Each had traveled some 3000 feet through a river bed, yet the meeting was perfect. About a month later the shields in the south tube met in the same way. The shields in the south tube were united by a tunnel section, consisting of eight rings, that had been on exhibition at the St. Louis World's Fair. The shields in the four East River tunnels met as perfectly as those in the Hudson River tubes, and all were completed at about the same time.

Corner of Loggia at the Head of Grand Stairway

When the tubes were through from end to end, the work of putting in the twenty-two-inch concrete lining was started immediately. On each side of the tunnel there is a so-called bench three feet wide, which serves as a walk, and under which are carried conduits for telegraph, telephone, signal and power wires.

In the construction of the tunnels nothing was left undone by the railroad company to

protect the lives and health of the workmen.

To make it as safe under the bed of the river as it is on the land's surface was the aim of the Pennsylvania tunnel builders.

The work was performed so thoroughly and with such skill that the engineers, their assistants and the laborers have left a permanent monument to the mastery of science over the greatest physical barriers of nature. As a result of the nine years of thought and arduous labor, which made possible the Pennsylvania tunnels and station, the traveler can now be carried straight into the heart of New York city on tracks encased in tubes of the most substantial construction—tubes which from New Jersey run without a curve to the Manhattan side of the Hudson River. Tubes equally free from curves run from the station to the East River, under which they shoot almost in a straight line to Long Island.

When the two tracks emerge from the tubes under the Hudson and reach the entrance to the station yard at Tenth avenue they begin to spread out. From this point, and extending into the station, the number grows from two to twenty-one.

The number of tracks leading out of the station yard to the east gradually decreases from twenty-one to a total of four for the main line. These pass under the city and East River to the Sunnyside yard on Long Island, the terminus of the tunnel extension, and the point of connection with the Long Island Railroad.

From the station the Manhattan cross-town twin tunnels, containing four tracks in all, traverse a section of New York city second in importance only to the financial district, and one that includes the larger hotels, retail shops and theaters, and many residences. These tunnels end at the river shaft, situated in the block between Thirty-third and Thirty-fourth streets east of First avenue.

The Arcade, looking from the Seventh Avenue Entrance toward the Main Waiting-room

Sunnyside yard, on Long Island, is to the New York improvement what the West Philadelphia passenger yard is to the Philadelphia terminal, or the Jersey City yard to the Jersey City station. The new yard has many unique features, however, such as the provision for running all trains around a loop—doing away with the use of turntables—pulling them into the coach-cleaning yard at one end and departing from the other end, thus turning the entire train and avoiding the necessity for switching baggage cars and sleeping cars to opposite ends of the trains and the turning of combination cars separately. The arrangement of tracks on different levels makes provision for cross-

over movements without grade crossings and eliminates interference with high-speed traffic.

Sunnyside yard is 5500 feet long with a maximum width of 1550 feet, embracing some 173 acres of land. It contains 53 miles of tracks, which have a capacity of 1387 cars. There is additional space for extending the trackage of the yard to provide more car standing-room in the future.

From Sunnyside yard there are tracks leading to the New York Connecting Railroad, which, when constructed, will form a junction with the New York, New Haven & Hartford Railroad at Port Morris, New York. The Connecting Railroad will cross East River by the "Hell Gate" bridge over Ward's and Randall's Islands.

In connection with its improvements in and around New York city, the Pennsylvania Railroad Company has constructed at Greenville, N. J., an extensive freight transfer yard. It is the most completely equipped yard for rapid and economic handling of freight. From Greenville cars are transported by floats and delivered to the great piers of New York city. Freight destined to Brooklyn or to other points on Long Island is floated across the bay from Greenville to the opposite shore at Bay Ridge, Long Island. Freight for New England and Eastern points is floated up the East River to the New York, New Haven & Hartford Railroad's Port Morris station. Later, when the New York Connecting Railroad is constructed, freight will be floated to Bay Ridge and run over Long Island tracks to the Connecting Railroad, and thence to the mainland, where connection will be made with the New York, New Haven & Hartford Railroad system for Boston and New England points.

Track Level, showing Stairways and Elevators leading to Exit Concourse

An important feature of the Pennsylvania Railroad's New York tunnel extension is its relation to the Long Island Railroad—a subsidiary line of the Pennsylvania.

In addition to the many millions the Pennsylvania Railroad has spent for the four tunnels under the East River and the vast station and terminal in Manhattan, by which all Long Island will benefit, the Long Island Railroad is increasing its own facilities in all directions to take care of the present large traffic and the larger traffic which will come with the use of the tunnels into the Pennsylvania station in New York. This will place all parts of Long Island and its many seaside resorts within easy reach of New York city.

Bergen Hill Entrance to North River Tunnels, Pennsylvania Railroad Company

In the near future the New York Connecting Railroad, crossing the East River on a four-track arch bridge, will be completed, and there will be established the first all-rail service between New England and the West and South by way of New York city.

SIGNIFICANCE OF THESE IMPROVEMENTS.

Reduced to their simplest form, these betterments mean an increased capacity for efficient public service. And while the outlay of capital has been vast, perhaps a very short time enlarged earnings will demonstrate that it was wisely made. The undertaking and carrying out of this enterprise, which without any exaggeration may be classed as wonderful, is a further evidence of the far-sighted policy of the Pennsylvania Railroad Company and its ability successfully to accomplish what it starts out to do. More than all this, it evidences faith in the country and in the future of the railroads—a belief that the people are neither going to harass nor destroy one of the principal elements of our national prosperity.

NEW POSTAL BANK RULES

THE recommendations for the proposed new postal savings bank, as drafted by the committee in the Post Office Department, have been taken in hand by Secretary of the Treasury MacVeagh for fuller investigation into those features with which the Treasury will be more directly concerned. The recommendations were turned over to Assistant Secretary of the Treasury Andrew, with the instructions to consult with the officers of the Treasury who are subordinately concerned with the work.

That part of the recommendations which deals with the depositing of the money in banks and the matter of United States bonds will receive careful study. Mr. Andrew says that he expects to go over the matter very thoroughly and to see where economy can be effected, because within a few years branches of the savings bank will be in about every post office and there will be millions of depositors; for whose convenience and safety the government's trustees will now have to conisder.

Banco Mexicano de Comercio E Industria

ESTABLISHED 1st SEPTEMBER, 1906

Calle de San Agustin Num. 7. MEXICO

Capital $10,000,000.00

GENERAL BANKING BUSINESS
INTEREST PAID ON TIME AND SIGHT DEPOSITS
EXCHANGE DRAFTS BOUGHT AND SOLD AT BEST MARKET RATES

Correspondents in Foreign Countries:

LONDON.—Deutsche Bank (Berlin) London Agency; Speyer Bros.

BERLIN.—Deutscha Bank.

PARIS.—Banque Francaise, pour le Commerce et l'Industrie; Comptoir National D'Escompte de Paris; Banque J. Allard & Cie; Credit Lyonnais.

MADRID.—Banco Aleman Transatlantico; Garcia Calamarte & Co.

BARCELONA.—Banco Aleman Transatlantico.

NEW YORK.—National City Bank; Guaranty Trust Company; Muller, Schall & Co.; Speyer & Co.

CHICAGO.—Commercial National Bank.

ST. LOUIS, MO.—Mississippi Valley Trust Company.

SAN FRANCISCO.—Wells-Fargo, Nevada National Bank; Tannhäuser & Co.

AGENTS AND CORRESPONDENTS IN ALL PARTS OF THE REPUBLIC.
CORRESPONDENCE SOLICITED.

BANK OF HAVANA

Capital, $1,000,000

New York Committee

JOHN E. GARDIN — ALVIN W. KRECH — JAMES H. POST

Directorate in Havana

CARLOS DE ZALDO, President
JOSE I. DE LA CAMARA, Vice-President
CARLOS I. PARRAGA, Secretary

ELIAS MIRO — MIGUEL G. MENDOZA — MARCOS CARVAJAL
SEBASTIAN GELABERT — JOSE GARCIA TUNON — SABAS E. DE ALVARE
FEDERICO DE ZALDO — LEANDRO VALDES

J. C. MARTINE and JOHN S. DURLAND, Sub-Managers

Acts as Cuban Correspondent of American banks and transacts a general banking business in

CUBA

LATIN AMERICA

PUBLIC CAREER OF THE SECRETARY OF FINANCE OF CUBA

MR. Francisco de P. Machado, who is Secretary of Finance of the Republic of Cuba, received his early education in private schools of the United States, and while still young in years betrayed those qualities which would afterward pave his way to a successful career.

His first experience in business was in a minor position in the firm of Larrondo & Co., of Sagua la Grande, wealthy Cuban planters, in which he displayed such ability and perseverance that he was promoted rapidly and finally was admitted as a partner in the firm.

He organized and founded the sugar plantation "Esperanza," one of the finest mills in the country at the time, but the War of Independence of 1895, which proved so disastrous to the sugar industry of Cuba, brought about the destruction of the property when he was about to reap the harvest of his untiring efforts.

FRANCISCO DE P. MACHADO
Secretary of Finance of the Republic of Cuba. Formerly Branch Manager, Banco Nacional de Cuba, Head Office, Havana

At the time of the movement of the sugar tariff reform in the United States, he was appointed chairman of the commission which was sent to Washington by the sugar planters of Cuba to appear before the Committee of Ways and Means to defend the rights and interests of the Cuban planters and the results obtained are eloquent testimonies of his good work.

He was appointed Collector of the Port of Sagua la Grande by Governor-General Wood, which position he resigned to accept the managership of the branch of the National Bank of Cuba in that city. Mr. Machado remained at the head of the bank for many years, until his services were demanded by President Gomez. He reluctantly renounced his commercial career, but he felt that his country, which was in the throes of reconstruction after the revolution of August, needed his services and he has subsequently served as Director of Commerce and Labor, Secretary of Agriculture and Secretary of Finance in President Gomez's Cabinet. No appointment made in the present administration has been received with greater favor by all classes than that of Mr. Machado.

URUGUAY'S FIELD FOR TRADE

Herbert P. Coates and Consul General Richling Address New York Manufacturers

URUGUAY as a field for the sale of American manufactures was the theme of Herbert P. Coates, a large importer and agent of Montevideo, and J. Richling, Consul General from Uruguay, who addressed a representative audience of New York manufacturers at the general offices of the National Association of Manufacturers on October 11.

The principal part of Mr. Coates' address was directed along the lines of international commercial friendship. He was emphatic in his statement that the American manufacturer knew practically nothing of trade conditions in Uruguay or of the Uruguayans themselves. He said in part:

"Consider the market which Uruguay represents. The exchange of commerce with your republic in the last three years has increased something like 120 per cent., and whereas three years ago we were doing business with you in such a way that we had to send you a check for two and one-half million dollars in order to balance the account, to-day we are receiving from you three millions dollars which you have to send us to effect the same operation. Now, look at the way in which you ship goods to us. You sometimes ship a package the size of this desk. You are utterly ignorant of our means of transportation, and it happens that this desk has to be transported part of the way by mule-back—

an impossibility. It is an entirely wrong notion to think that the moment you have shipped the goods out of your warehouse door you have finished with your end of the business. You have not finished with them until they have been delivered at the door of the purchaser if you are going to fill your export orders successfully and satisfactorily."

Consul General Richling told very interesting facts in connection with Uruguay's value as a market for American goods. He said in part:

"Foreign trade in Uruguay ranks fourth in Continental Latin America, following immediately after that of Argentina, Brazil, Chili and Mexico. After Uruguay, and in fifth place, comes Peru, whose foreign trade for the year 1909 amounted to $55,000,000, against $82,946,467 of Uruguay. Last year Argentina, Brazil and Uruguay bought $40,000,000 worth of cotton goods, only one per cent. of which was exported from the United States. Do you see any reason why America should not have had the greater part of this trade? It is not because the cost of production abroad is less than it is here, for this argument would apply to all products such as machinery, agricultural implements, shoe and leather goods, etc., the trade for which is almost wholly controlled by America, but it is simply due to the ignorance of the American traders.

"Through the exemplary administration in Urugnay that country has gained a yearly surplus of a couple of million dollars, which money is being used for public works and in the general development of the country. It had the gold standard before the United States adopted it. Since its existence as an independent country all government debts have been met promptly, and the interest on foreign loans often paid in advance; in fact, the government is daily offered loans by prominent European bankers on conditions and terms which would be a temptation to more than one European country—and the only guarantee they ask is the signature of our Secretary of the Treasury. I know of no country where commercial honesty is so proverbial, or with a lower percentage of business failures as in Uruguay."

PROMINENT BANKER OF THE CITY OF MEXICO TO ENGAGE IN THE BROKERAGE BUSINESS

W. H. WEBB, one of the best known bankers in Mexico, has resigned the position of manager of the Mortgage and Loan Banking Company, of Mexico City, which he has held for the past year.

Mr. Webb accepted the position of manager of the banking department of the Mortgage and Loan Banking Company when it first entered the banking field here. Before that time he was manager of the Mercantile Banking Company. He is one of the most popular men in Mexico's banking circles and has a large number of friends.

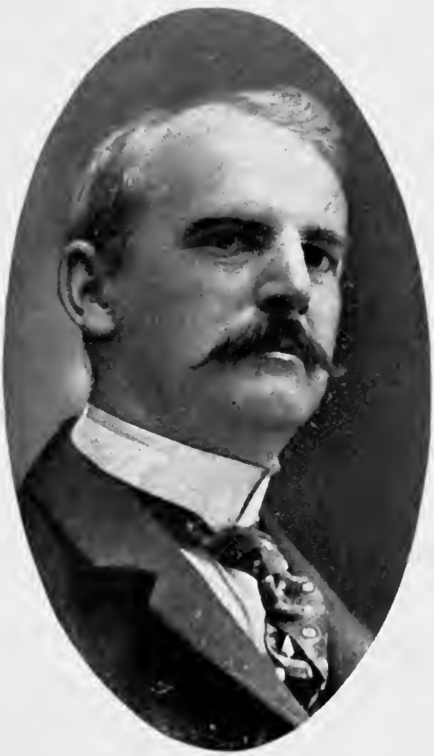
Mr. Webb began his business career in Nashville, Tennessee, when he was nineteen years of age, and two years later was promoted and made credit man for one of the largest wholesale concerns in the South. Leaving Nashville several years later, he moved to the West and for a long time was an officer and director in one of the leading banks of El Paso, Texas. He came to Mexico several years ago and became a

stock broker, which business he gave up to accept responsible banking positions.

When Mr. Webb again enters the stock brokerage business he will be the only American in Mexico City engaged in a similar pursuit. He is a man who in the past has handled many very large transactions and is considered an authority on Mexican securities.

MINISTER DAWSON AT PANAMA

HON. Thomas C. Dawson, the newly appointed United States minister to Panama arrived in the City of Panama, September twenty-third. He was officially received by acting President Mendoza the following day with the usual exchange of addresses expressive of good feeling on both sides. The members of the cabinet and diplomatic corps were present. Mr. Dawson, previous to his appointment, served as chief of the Latin American Division of our government.



HON. THOMAS C. DAWSON
United States Minister to Panama

MEXICO'S BEST FRIENDS

COMMENTING on the recent centennial celebration in Mexico City, the "Mexican Herald" says:

It is an excellent idea on such an occasion as the present celebration to re-affirm and seek to strengthen the bonds which unite Mexico with the mother-country and with the kindred nations of Central and South America.

But sentiment is one thing; business another, and while proper importance is freely conceded to the former, the latter should not be overlooked. Sentiment is a good thing, but cuts a poor figure in supplying a people's urgent, every-day wants; and the friendship of the nations which minister to those wants should not be neglected in the enthusiasm aroused by the reminiscence of community of origin, language, religion and ideals.

In the present symposium of nations at this capital, harmony prevails among all, and Mexico, the hostess, is on the best of terms with all; and so there is certainly no need of any exhortation to cordiality. But, it has seemed to us, on looking over some of the trade statistics published the other day in the Second National Edition of The Mexican Herald, that a few facts and figures might with advantage be presented to show which, among the nations, are Mexico's best friends from a strictly practical point of view.

In the fiscal year 1909-1910, ending June 30, last, 57.93 per cent. of Mexico's imports came from the United States and 75.74 per

cent. of Mexico's exports went to the United States.

Great Britain supplied 11.42 per cent. of the imports and took 10.97 per cent. of the exports.

Germany's percentages were, respectively, 10.35 per cent. in the imports, and 3.25 in the exports of Mexico.

Imports from France amounted to 8.98 per cent. of the total and exports to France were 4.72 per cent. of the total.

Turning now to Spain and the Latin-American countries, we find that their share in Mexico's trade was inconsiderable. Spain's percentages are 2.71 in the imports and 0.74 in the exports. All the republiquitas of Central America, together, can only muster .06 per cent. in the showing of imports and .48 per cent. in the showing of exports. South America is in no better case, for Mexico drew from that region only 1.09 per cent. of her imports and sent thither only .03 per cent. of her exports.

As customers of Mexico, the non-Latin nations far out-class all others. In the fiscal year 1909-1910, the United States, Great Britain, Germany and Canada took 90.36 per cent of Mexico's exports. If we add France, which is the least Latin of the Latin nations, and which, from an ethnical point of view, is hardly a Latin nation at all, the percentage mounts up to 95.08.

Spain, the countries of Central and South America, and Cuba, together, the nations with which, in the language of current oratory, Mexico is united by "ties of race, language, religion and aspirations," took, in 1909-1910, the wholly insignificant proportion of 1.90 per cent. of Mexico's exports.

These percentages, which are based on values, are, as stated, those for last fiscal year (1909-1910), though The Herald's National Edition gives the corresponding percentages for three fiscal years, viz., for 1907-1908, 1908-1909, and 1909-1910. But, in reality, Mexico's foreign trade statistics tell year after year substantially the same tale.

Trade evidently does not move along racial or sentimental lines and common aspirations and ideals furnish a very unsatisfactory menu for an empty stomach.

Those nations are Mexico's practical friends who buy her products and supply her with what she needs in the line of food and raiment and appliances for the development of her resources.

Money speaks all languages, is very orthodox, satisfies most aspirations and spans racial divisions with a bridge of gold.

So, in a very substantial sense, it may be said that Mexico is united to the non-Latin nations, principally, the United States, Great Britain and Germany, by ties of language, religion, aspirations and even of race.

ENGLISH SYNDICATE AFTER SOUTH AFRICAN TRADE

A PLAN of great importance, for the development of South American Trade, is being considered by three large shipowning concerns in Great Britain.

The principals in the proposed enterprise are eminent men, and the basis of the project, which still requires to be ratified, is the building of ten liners at a cost of nearly two millions sterling.

Five of these steamers will be high-class passenger carriers, to run between Liverpool and the River Plate in conjunction with an old existing line, and in further conjunction with the new railway across the Andes. The other five steamers will be of the highest type of refrigerating liners, with great carrying capacity and high speed, and, according to existing proposals they will run between the port of London and the River Plate.

PROMINENT YOUNG MEXICAN BANKER LOCATES IN NEW YORK

WITH the rapidly-increasing commercial and financial relations between New York and the Latin-American countries, several bankers and financiers have been attracted to the city recently from Mexico and South America. One of the latest comers is Mr. Bernardino Alvarez, who was until quite recently Stock Cashier of the Compania Bancaria de Fomento y Bienes Raices, one of the large and important banks of Mexico City.

Bernardino E. Alvarez

Mr. Alvarez was born in that city in 1881, and was educated there and in St. Louis. His first banking connection was with the American Bank of Mexico City, which was later merged with the Compania Bancaria de Fomento y Bienes Raices. Mr. Alvarez was with this institution for eight years, in the capacity of stock cashier, and won the respect of the bank's patrons by his courtesy and careful attention to the business coming to his department. He was also highly esteemed by the manager of the bank, who heard with regret of his decision to come to New York.

As the owner of a large ranch property in Mexico, Mr. Alvarez has done a great deal toward introducing improved methods of agriculture. He has also been interested in heating and fuel enterprises, and has acquired much special information on these subjects.

Mr. Alvarez expects in the near future to associate himself with some of the large New York banks that are desirous of extending their business with Mexico, Central and South America. His banking and commercial experience, knowledge of the Spanish language and character, as well as his personality, will make him a valuable acquisition to any bank seeking Latin-American business.

PROGRESS OF MEXICO WELL DESCRIBED BY PRESIDENT DIAZ

EXCERPTS FROM HIS ANNUAL MESSAGE

THE presence in our midst, in connection with the celebration of the Centenary of our Independence, of distinguished special representatives of the foreign nations with which Mexico has diplomatic relations, affords unequivocal evidence that those relations are in every respect cordial and satisfactory and that the efforts of our country for years past have reaped their reward by winning for her at last that place in the concert of nations to which she had long been entitled, a result which, gratifying as it is, should make us resolve to carry still higher the good name of the Republic.

Pan-American Conference.

On July 12, last, according to agreement among the nations concerned, the Fourth International Conference of American States convened at the City of Buenos Aires, and its labors were prolonged into the second half of the month of August. Time enough has not yet elapsed for the resolutions of the Conference to be known in detail; but, in view of the spirit informing them and the acknowledged competence of the delegates to the assembly, there is every reason to hope that those resolutions will be highly beneficial to the countries of this Continent.

Treaty With Denmark.

A convention having for its object the development of commercial relations between Mexico and the Kingdom of Denmark was signed in this capital by duly authorized plenipotentiaries on April 3, last. The convention in question has already been approved by the senate and the ratifications will shortly be exchanged.

Promulgation of Russian Treaty.

The special commercial convention between Mexico and the Russian empire, to which I referred in my Message of April I, last, was promulgated in this capital on the twenty-second of last June.

Postal Convention With Italy.

The convention concluded between Mexico and the Kingdom of Italy on December 4, 1909, for the direct exchange of postal parcels, without declared value, was in like manner promulgated on the twenty-first of last May.

Telegraphic Convention With Belice.

The Senate was pleased to approve on May 28, last, the convention negotiated and signed in this capital by duly authorized plenipotentiaries on the twenty-seventh of the same month of May, for the connection of the Federal telegraph lines of Mexico with the telegraph lines of British Honduras.

Mexico At Edward VII's Funeral.

A special mission, consisting of two ministers plenipotentiary, appointed to represent the Government and people of Mexico at the funeral of King Edward VII of England discharged satisfactorily the duty assigned to it.

Centennial Commemorations Abroad.

Instructions have been conveyed to the Legations of Mexico in foreign countries

to hold suitable celebrations in commemoration of the centenary of our independence.

New Consular Act.

The Executive has presented to the Chamber of Deputies a new consular bill, of which the approval during the present period of sessions is to be desired, as it will give a needed impetus to this important branch of the administration.

New Consuls in Germany.

The ever-growing cordiality of the relations between Mexico and the German Empire has necessitated an increase in the number of our consular representatives in that Empire and recently a new consul-general was appointed, on which occasion the former jurisdiction of our only consul-general hitherto residing in Germany, with headquarters at the port of Hamburg, was divided into two.

Consular Conventions.

Consular conventions are being negotiated at the present time with Italy, Holland and Turkey.

The Chamizal Arbitration.

Our ambassador in the United States of America, acting under special instructions from his government, affixed his signature at Washington on June 24, last, to a convention for the settlement, by arbitration, of the long-standing, important and delicate Chamizal question; and in order that this convention may be carried out, it will, in due season, and according to constitutional precept, be submitted to the Senate for consideration and discussion.

The "Bancos" of the Bravo River.

In the course of the investigations which the International Boundary Commission has been conducting in the lower Bravo River, twenty-three new "bancos" were found, which will be dealt with according to the stipulations of the convention between Mexico and the United States of March 20, 1905, for the elimination of such "bancos," in the Bravo and Colorado rivers.

International Bridge Convention.

A convention was signed in this city on August 9, last, by the minister of foreign relations and the minister plenipotentiary of the Republic of Guatemala for the erection of an international bridge over the Suchiate river; and this convention will also, for constitutional purposes, be referred to the Senate.

Agricultural Development.

The Federal agricultural services have been reorganized, in accordance with the laws of December 21, 1909.

Of the eleven private associations formerly operating under the name of chambers of agriculture, eight applied for and obtained the necessary authorization for conversion into national chambers of agriculture and the other three were founded anew under the terms of the law [establishing national chambers of agriculture], so that, though the law in question has only been in force a short time, eleven of our more important agricultural states already have their legally-constituted chambers of agriculture.

The new general bureau of agriculture, divided into five departments, entered, July 1, last, upon the discharge of its duties, which are to promote the interests of farming and stock-breeding and to make a study of agrarian problems.

The national school of agriculture and veterinary surgery and the central agricultural station show uninterrupted progress both in the number of their students and the scope of their work. Three new courses were recently added to their curriculum, viz., horticulture, rural engineering and zootechnics. thus giving increased facilities for specialization in technical training. An aqueduct has been built for the purpose of conveying 2,000 liters per minute of the waters of the Rio Hondo to the San Jacinto farm [that of the school of agriculture], thus enabling crops to be raised with regularity and obviating the serious losses apt to be entailed by the lack of water. To the existing agricultural experiment stations, a new one—at Oaxaca—has been added in the period under review, with offices, laboratory and courses of instruction. The Tobasco station is still in course of installation.

Increase in Yield of Revenue.

The two principal sources of revenue to the Federal exchequer showed a marked upward movement last fiscal year as compared with the preceding fiscal year.

Thus, the custom-house revenue yielded in 1909-1910 eight million pesos more and the stamp revenue over a million and a half pesos more than in the preceding fiscal year.

The other sources of revenue also show some improvement, and though the municipal receipts were stationary, this is to be attributed to the reduction of the meat-tax.

The upward movement of the custom-house revenue and the stamp revenue continued in the first two months of the present fiscal year.

Results of Last Fiscal Year.

The revenue and disbursements of the fiscal year ending June 30, last, have not yet been fully audited, for, according to law, all government offices were allowed a period of time which terminated yesterday for rendering their accounts to the treasury of the federation; but judging from the data so far received, we have every ground to believe that the year will show a substantial surplus, as have other fiscal years for some time past.

The Crop Outlook.

Crop prospects are sufficiently encouraging in some States of the republic; and if, in addition to this fact, it be considered that the volume of business during the course of the present calendar year has been satisfactory, we may conclude that the depression which Mexico suffered as a consequence of the recent world-wide crisis has disappeared altogether or at least that only insolated vestiges of it remain.

Conversion of the Debt.

In strict accordance with the conditions which Congress was pleased to approve, the department of finance has adjusted with a group of European bankers a four per cent. loan for the exclusive purpose of converting the five per cent. loan of 1899, and the terms of the transaction are such that, notwithstanding the fact that a substantial saving is effected in interest and sinking fund service, the new loan is due to be redeemed in precisely the same time as that stipulated for the redemption of the 1899 loan. So far, the bankers have only underwritten half of the new loan, having an option on the balance. The department of finance will, in due course, inform Congress as to the use made by the executive of the powers granted to it in this context and will then give full particulars as to this operation, which, as Congress will no doubt be glad to hear, has raised the credit of Mexico to an enviable level.

New Organization of Treasury.

As from July 1, last, both the treasury of the federation and the accounting and auditing department have been discharging their functions under the new law of May 23, last, the regulations for both offices having also been duly issued.

New Insurance Law.

The new life insurance law was promulgated on May 25, last, and was followed in due course by rules of practice. It is to be hoped that both home and foreign companies will place themselves under the new legislation which affords ample safeguards both to them and to the public.

Surety Companies.

Three companies have been authorized to bond the employees of the federation, in accordance with the law enacted on May 24 of the current year.

Sale of Railway Interest.

The Federal Executive deemed fit to sell the shares which it owned in the Veracruz and Pacific or Veracruz and Isthmus Railroad, representing the total share-capital of that company, to the National Railways of Mexico, with a view to vesting in the last named corporation the management of all routes of communication in which the government is interested as a stockholder. The transaction was consummated on satisfactory terms.

NATIONAL RAILWAYS OF MEXICO

EARNINGS MORE THAN SUFFICIENT TO MEET FIXED CHARGES

(*From The Mexican Herald*)

THERE appears in the October number of the *American Magazine* a further article, by a new writer, of the "Barbarous Mexico" series, attacking not so much Mexico as prominent citizens of this republic.

Of the article, in general, we will say nothing. * * *

There is, however, one concrete statement of which it may be worth while to take notice. We refer to the writer's gross misrepresentation of the obligations assumed by the Mexican Government in the National Railways of Mexico, that is to say, in the Merger System.

The writer says:

> Here are the obligations (in gold) with which the Mexican Government ....has burdened itself as a result of this astounding operation:
>
> $225,000,000 in prior lien 4½ per cent. redeemable gold bonds.
>
> $160,000,000 in guaranteed general mortgage 4 per cent. redeemable gold bonds.
>
> $30,000,000 in non-cumulative 4 per cent. first preferred shares.
>
> $125,000,000 in non-cumulative 5 per cent. second preferred shares.
>
> $75,000,000 in common shares.

Here the writer is disingenuous enough—and we say disingenuous, for it seems incredible that a person undertaking to write for the public in a magazine and inscribing F. R. G. S. after his name does not know the difference between securities which involve a fixed charge and securities which do not involve a fixed charge—is disingenuous enough to represent the first and second preferred shares and the common shares as "obligations" of the Mexican Government; whereas they are not "obligations" of the Merger Company, let alone of the government.

In other words, the interest upon them does not, with the limited exception hereafter referred to, constitute a fixed charge either on the National Railways of Mexico or on the Mexican Government.

The first preferred shares are contingently entitled to four per cent. interest per annum, but that interest is, as the magazine writer himself states, non-cumulative; that is to say, it is payable as and when earned, and, in the words of the Act of Incorporation, "with the understanding that the amount lacking to complete said four per cent. in any given year will not be chargeable to the net profits of subsequent years."

The provisions in regard to the five per cent. interest on the second preferred shares

are, mutatis mutandis, entirely analogous; and as for the common shares, issued chiefly for the purpose of completing the government's controlling interest, carrying as they do the same voting power as the two classes of preferred shares, it is only necessary to say that they are entitled to a dividend, when there is a balance of net profits available, after the four per cent. and five per cent. dividends have been paid on the first and second preferred shares, respectively.

If the payment of dividends on all classes of the share capital constitute an obligation, few railways would be long out of the receiver's hands.

For the completeness of this exposition it may be stated that there exists a limited guarantee with respect to the first preferred shares, a guarantee given by the company for the purpose of facilitating the exchange of securities, of two per cent. interest per annum, for a period of three years only, counted from January 1, 1908.

Now, in regard to the company's funded debt and the interest charges thereon, the misstatements of the *American Magazine* writer may possibly have been made unintentionally, though evidently he was at no pains to get at the facts. * * *

The writer in question calculates interest at four and one-half per cent. on $225,000,000 gold, prior lien bonds, and at four per cent. on $160,000,000 gold, guaranteed general mortgage bonds, and comes to the conclusion that the fixed charge which the Merger Company has to meet on the two classes of bonds in question is $16,525,000, United States currency.

It would be, if * * * the amounts of the two classes of bonds which the writer mentions had been issued.

The writer confuses issues authorized with issues made and arrives at a result which is a gross misrepresentation of the facts. Fortunately, all directly interested in the matter are better informed.

The amount of prior lien four and one-half per cent. bonds issued up to June 30, 1910, or, in other words, up to the close of the company's last fiscal year, was $199,099,925, Mexican currency; but as $29,507,095 of these bonds were held in the company's treasury, the net amount outstanding was $169,592,830, Mexican currency, or $84,796,415 American currency.

The Pyramid of Cholula and the Path up which the Sacrificial Procession moved. The Interoceanic Railway has a Station at the Base of the Pyramid

The amount of guaranteed general mortgage four per cent. bonds issued up to June 30, 1910, was $112,732,150, of which $11,417,700 were held in the company's treasury, leaving an outstanding amount of $101,314,450, Mexican currency, or $50,657,225 American currency.

The interest charges (the sinking fund provision is not yet in force) payable for the whole fiscal year 1909-1910 on the four and one-half per cent. prior liens were $7,558,442.28, Mexican currency, and on the four per cent. guaranteed general mortgage bonds $4,052,461.50, Mexican currency.

In other words, the fixed charges which the company had to meet in the fiscal year 1909-1910 on its two classes of bonds

The Oldest Railway Station in the World—the Convent of San Diego, built in 1657 in the City of Cuautla. It was purchased from the Mexican Government and has been converted into a Railway Station by the Interoceanic Railway

amounted to $11,610,903.78, Mexican currency, or $5,805,451.89, United States currency, as against the enormous total of $16,525,000, United States currency, mentioned by the *American Magazine* writer.

* * * * * * *

In regard to further issues of bonds there need be no apprehension. They are, according to the pre-arranged plan, to be spread over a number of years, and will be made in accordance with the policy enunciated by Minister Limantour, that is to say, "further issues of bonds will be made on a scale strictly commensurate with the growth of the company's earnings and when there is every probability that those earnings will amply suffice to meet both old and new charges."

It is worth while adding that the only fixed charges which constitute an "obligation" on the government are those represented by the interest on the general mortgage fours (the sinking fund service not being as yet in operation), amounting last fiscal year to $4,052,461.50, Mexican currency, or $2,026,280.75, United States currency.

The guarantee in any case is moral or nominal, as the company's net earnings amply suffice to meet all fixed charges.

* * * * * * *

As in a matter of such importance, the whole truth ought to be stated, we will say that the National Railways of Mexico has other fixed charges to meet besides the interest on the two classes of its own bonds.

The National Railways of Mexico took over from the companies entering the merger various classes of their funded and floating indebtedness, which have not yet been converted into bonds of the new company, and these other obligations involved in the fiscal year 1909-1910 an interest service of $5,128,840, Mexican currency.

So that the total fixed charges, or charges ranking as such, which the Merger Company had to meet in the fiscal year 1909-1910 were as follows: On its own bonds, $11,610,903.78, Mexican currency; on assumed obligations, $5,128,840, Mexican currency, giving a total of $16,739,743.78, Mexican currency, or $8,369,871.89, American currency.

It will be interesting, in conclusion, to

see how the company met those charges in the year 1909-1910, with entire ease, out of its regular earnings.

The gross traffic receipts in the fiscal year 1909-1910 were $52,562,293.39, Mexican currency, and adding $22,793.87, sundry interest, we get a total gross of $52,585,087.26, Mexican currency.

The operating expenses proper were $31,593,557.78, Mexican currency, but including taxes, rentals and pending disbursements on operating account, the total charged to operation figures out at $34,174,516.18, Mexican currency.

In other words, the traffic results for the year 1909-1910 may be stated as follows:

	Mex. Cy.
Gross	$52,585,087.26
Operating and other expenses	34,174,516.18
Net	$18,410,571.08

To this amount has to be added interest on securities owned, amounting to $1,163,742.28, Mexican currency, so that the total net revenue, from all sources, in the year 1909-1910 was $19,576,313.36, Mexican currency.

This is the amount against which fixed charges have to be set, as follows:

	Mex. Cy.
Total net rev. from all sources	$19,576,313.36
Fixed charges of all kinds	16,739,743.78
Excess of net revenue over fixed charges	2,836,569.58

This balance sufficed for the payment of the full dividend of four per cent. on the first preferred shares, absorbing $2,306,632, as the outstanding amount of those shares is $57,665,800.

The regular addition of five per cent. of the excess of net revenue, or $141,828.47, was made to the reserve fund, and as the sum of $50,469.89 was brought forward from last year's profit and loss account, there remained a balance to be carried forward to the next account of $438,579.

THE CONFERENCE ON BILLS OF EXCHANGE

An international conference on bills of exchange, at which Charles A. Conant of New York was the delegate of the United States, was held at The Hague in June and July last. The essential object of the conference was to bring about as close an approach as possible to uniformity in the laws of different nations governing the issue, circulation and protest of bills and to provide rules to govern conflicts of law.

Thirty-nine powers were represented by about seventy delegates. The outcome was the adoption of a draft of a uniform law and the adoption of a convention governing the conditions under which such a law should be carried out. Both these documents, which are embodied in the final protocol of the conference, will be submitted to the various powers *ad referendum*, with the object of securing expert criticism before final action is taken.

The delegates of the United States and of Great Britain took the ground that they could not concur in recommending the uniform law, because of the time and effort which had been expended in bringing about comparative uniformity in the laws of Great Britain and her dependencies and the American states. They were willing, however, to submit the draft of the law, through the proper diplomatic channels, to the law-making power for the adoption of such parts as might prove consistent with Anglo-Saxon law and policy.

The government of The Netherlands was authorized to call a second conference for the purpose of considering criticisms of the proposed uniform law, before it should be recommended finally to any of the powers for actual adoption. It is probable that after the changes which may be made as the result of expert consideration of the proposed uniform law, it will be adoped by the leading Continental powers of Europe and by some of the Latin American powers. Even if no action towards uniformity is taken by Great Britain or any of the American states, the adoption of a uniform law in other countries will tend to simplify the business in international bills and remove some of its risks.

It is proposed at the next conference to take up the subject of a uniform law on ininternational checks. The subject will be considered of introducing more extensively the system of crossed checks, which affords some substitute in European countries for the protection afforded to legitimate holders of checks and drafts under the American system by identification of the holder.

A REVIEW OF BANKING LEGISLATION

From the "Education Department Bulletin," New York State Library

William A. Scott, Ph. D., Director of the Course in Commerce and Professor of Political Economy, University of Wisconsin

THE chief tendency revealed by banking legislation during the years 1907 and 1908 was in the direction of drawing a sharp line of distinction between commercial banking, the business of receiving and investing savings and that of administering trusts, no matter whether these lines of business are carried on separately by different institutions or in conjunction with each other in the same institution.

Heretofore these lines of business have been more or less confused by being combined in different ways in institutions subject to different laws. Most banks in the United States receive both commercial and savings deposits. Many trust companies receive both of these kinds of deposits and trust funds in addition, and some savings banks receive, besides savings, trust funds and demand deposits. Quite commonly the laws governing these three classes of institutions have been so different that a particular kind of depositor has received different degrees of protection according as he has dealt with one kind of institution or the other, and the rights and privileges of these institutions have been far from the same even with regard to identical kinds of business.

The first attempts to deal with this situation took the form of legislation which aimed at drawing sharp lines between the kinds of business permitted to each kind of institution. The quite general failure of these attempts doubtless accounts for the change in the methods of procedure noted above. Apparently our Legislatures are now inclined to devise suitable safeguards for each kind of business and to require every institution, by whatever name known, to observe the laws relative to each and every kind of business it transacts. Fully carried out in practice this method of procedure would require commercial and savings banks and trust companies to segregate demand, savings and trust deposits, to invest each as the laws prescribe and, in case of failure, to give each class of depositors a first lien on the securities in which his deposits were invested and a proportionate equity in the other assets of the institution.

A good start along this line of procedure was made in 1907 and 1908 in several states. In Massachusetts, Maine, Rhode Island, New York, Pennsylvania and Missouri laws were passed providing for the segregation of demand and savings deposits in banks and trust companies by requiring a different percentage of reserve to be kept against each class of deposits. In Rhode Island, Massachusetts and Connecticut it is required that savings deposits, even when in commercial banks and trust companies, must be invested according to the regulations prescribed by law for savings banks, and that such investments must be appropriated to the payment of such deposits. The segregation of trust funds and their separate investment and administration is required by laws passed in Ohio and Maine. In a law passed in 1907 ('07 ch. 138) the Legislature of Oregon carefully defined commercial banking and required all institutions conducting that line of business to conform to the regulations therein prescribed.

Other noteworthy tendencies revealed by a review of the legislation of 1907 and 1908 are: (1) the requirement of stricter supervision of these institutions by boards of directors; (2) the establishment of some proportion between the deposits and the capital stock of banks, Rhode Island ('08 ch. 1590) fixing it at ten to one for commercial banks and Missouri ('07 p. 124) at twenty to one for savings banks; (3) the limitation of the amount that may be expended on building and fixtures, Ohio placing it at sixty per cent. of the capital and surplus, and Oklahoma at one-third of the paid-up capital; (4) the permission, under restrictions, of branch banking in Rhode Island, Montana and Washington, and of the establishment of branches by trust companies in Missouri.

These and other significant features of the legislation of the two years under review will appear in the following summary.

General Laws.

During their 1907 sessions the Legislatures of Arkansas ('07 p. 1266), Rhode Island ('07 r. 43) and California ('07 p. 24) appointed committees for the purpose either of drafting new banking laws or of examining old ones with a view to changes. The result of these appointments and investigations was the passage of a new banking law by Rhode Island in the session of 1908. Other new banking laws were passed by Missouri, Nevada and Oregon in 1907 and by Oklahoma and Ohio in 1908. All of these, except the Oklahoma, Nevada and Oregon laws, comprehend commercial banks, savings banks, trust companies and safe deposit companies. In most respects these laws are much alike and similar to those on the statute books of other states. Only those features which are somewhat or altogether peculiar will be noted here.

Missouri.

The Missouri law ('07 p. 124) prohibits branch banking and fixes a minimum capitalization for commercial banks of $10,000 for towns of less than 150,000 inhabitants and of $100,000 for larger towns, and a maximum capitalization of $5,000,000. The reserve requirement of fifteen per cent. applies only to *demand* deposits. Reports to the Bank Commissioner are required only *twice* a year instead of five times as in most states, and the limit of loans to single individuals, firms or corporations is twenty-five per cent. of the paid-up capital, and twenty-five per cent. of a surplus fund which shall equal or exceed fifty per cent. of the capital and shall be set apart as a permanent fund and be reported as such permanent fund to the Bank Commissioner. The ordinary surplus fund, to be accumulated by setting aside ten per cent. of the net earnings at each dividend-paying period until the total shall equal twenty per cent. of the capital, is not to be counted in this connection. Officers and directors are not permitted to borrow in excess of ten per cent. of the capital and surplus without the consent of a majority of the directors other than the borrower. Directors are required to meet at least once a month and all bills payable and discounts must have their consent. Private bankers are subjected to substantially the same restrictions as incorporated banks, but the proprietor is not permitted to be indebted to his institution to an amount in excess of ten per cent. of the capital and surplus.

The minimum capitalization for trust companies is fixed at $100,000 and the maximum at $10,000,000. Trust companies must keep a reserve of fifteen per cent. of their demand deposits either in cash or on deposit with other institutions, deposits for the withdrawal of which the company may require more than 20 days notice not to be considered as demand deposits. They are permitted to invest their funds in loans secured by real estate or other sufficient collateral or in the bonds of the United States, the State of Missouri or of the political divisions of the State of Missouri. They must report to the Bank Commissioner whenever required so to do. The requirements regarding the frequency of meetings of the board of directors and regarding loans to officers and directors are the same as for commercial banks.

The peculiar features of the provisions regarding savings banks concern their investments, the relation between capital and deposits, the surplus and the dividends. The investments permitted are confined almost exclusively to bonds of various classes carefully described in the act and to notes or bonds secured by first mortgages on real estate. No deposit is permitted to exceed $4,000 and the total deposits must not exceed twenty times the paid-up capital stock. Dividends can be declared only after at least three per cent. interest has been paid on all savings and trust deposits and then they must not exceed six per cent. Any surplus available after such dividends have been paid must either be paid into an indemnity fund or be distributed among depositors whose deposits have remained in the bank during at least the preceding year and in proportion to the amount of interest received during the three preceding years. After a surplus fund has been accumulated in the usual manner, one-quarter per cent. of the deposits must be set aside at each interest day as an indemnity fund until the total shall equal ten per cent. of the deposits.

Nevada.

The Nevada law ('07 ch. 166) is very brief, being only an addendum to a general corporation law approved March 15, 1903, and amended March 14, 1905. It merely prescribes the modus operandi of incorporation and of transferring stock, contains the usual provisions regarding real estate investments and prohibits any officer or director from becoming indorser or surety for loans by the bank to others or from borrowing from the bank without giving good and sufficient security which must be approved by the board of directors. Another act ('07 ch. 119), passed in the same session, provides for the appointment, by a board of bank commissioners consisting of the governor, secretary of state and state treasurer, of a bank examiner at an annual salary of $2,750. The duties of this officer are made substantially the same as those of the officers known in other states as the commissioner or superintendent of banking.

Oregon.

The Oregon law ('07 ch. 138) defines banking as the business of opening credits on "deposit or collection of money or currency or negotiable paper subject to be paid or remitted upon draft, receipt, check or order" and subjects all concerns that transact this kind of business to the provisions of this act. The minimum capital requirement is placed at $10,000 for banks in towns of less than 1,000 inhabitants, $25,000 for banks in towns of more than 1,000 and less than 2,000 inhabitants, $30,000 for banks in towns of over 2,000 and less than 5,000 inhabitants, and $50,000 for banks in towns of over 5,000 inhabitants. Directors are required to meet at least once in three months. Loans to a single person, firm or corporation must not exceed twenty-five per cent. of the capital and surplus of the bank, unless they are secured by real estate, personal property, warehouse receipts or bills of lading. Loans to officers, employees or owners must not be made without the approval of the di-

rectors or of an executive or discount committee. The reserve requirement is fifteen per cent. of the demand and ten per cent. of the time deposits for banks in towns of less than 50,000 inhabitants and twenty-five per cent. of demand and ten per cent. of time deposits in larger towns. At least one-third of the reserve must consist of cash on hand.

WASHINGTON.

The Washington law ('07 ch. 225) provides for a bank examiner to be appointed by the governor, the only qualifications prescribed being citizenship of the State of Washington and nonconnection with any bank as owner, officer or stockholder. The minimum capital requirements are practically the same as those prescribed by the Oregon law except that the number of gradations is larger, extending up to $100,000 for banks in towns of over 50,000 inhabitants. It apparently authorizes, or at any rate permits, branch banking, since it does not prohibit the establishment of branches, and it frequently mentions branch banks when a list of institutions is mentioned to which a certain provision or provisions apply. Loans to officers and employees must have the consent of the board of directors, but no limitation is placed on the amount of loans to be made to single firms or corporations. The reserve requirement is twenty per cent. of the demand liabilities and the reserve may consist of cash or balances with banks in such proportion as the officers decide. Only three reports a year are required but these must be made on the dates of calls on national banks issued by the Comptroller of the Currency.

RHODE ISLAND.

The Rhode Island law ('08 ch. 1590) prohibits the use of the terms. bank, savings bank or trust company, to any person or persons not incorporated, unless they were employing such terms previous to the passage of this act. It permits branch banking provided the consent of the Board of Incorporations, consisting of the bank commissioner, the treasurer and the attorney general, be first obtained. The reserve requirement of fifteen per cent. of deposits is not to apply to savings deposits which, however, must be segregated and invested in the form prescribed for savings banks. Such investments must be set apart as security for the savings deposits. Loans to any single individual, firm or corporation must not exceed ten per cent. of the capital and surplus, and loans to officers must have the approval of the directors or of their finance committee. In the selection of reserve agents banks are limited in their choice to banks and trust companies belonging to the Clearing-House Association of Providence and to banks and trust companies in New York, Boston, Philadelphia, Chicago and Albany. After October, 1908, the deposits of banks must not exceed ten times their capital and surplus.

Trust companies are subjected to the same regulations regarding reserves, loans to officers and directors, reports and examinations, as commercial banks. They are also required to set aside a portion of their assets, other than the assets of their savings department and equal in amount to their capital stock, as security for trust funds held by them, and an amount of securities or mortgages equal to twenty per cent. of their capital must be deposited with the treasurer for this same purpose.

The provisions regarding the investments of the funds of savings banks, and of savings funds of banks and trust companies are too elaborate and extensive even to be summarized here. It was evidently the intention of the legislature to permit investment in all kinds of securities which can be regarded as safe and the purpose of the particular sections of the act here under review was evidently to draw the safety line in such a way as to interfere as little as possible with the freedom of the banks. Other sections of the act provide for the accumulation by savings banks of a guarantee fund equal to five per cent. of the total deposits, such fund to be used to meet losses arising from depreciation of securities or otherwise. For this purpose they are required to set aside each year not less than one-eighth per cent. nor more than one-quarter per cent. of their net profits until the above mentioned total has been reached.

OHIO.

The Ohio law ('08 p. 269) is carefully drawn with a view to providing for all possible combinations in the same institution of commercial banking, and the business of savings banks, safe deposit companies and trust companies. The capital requirements are different for different combinations of these lines of business, $25,000 being the minimum for any combination of two of the three businesses of commercial banking, savings banks and safe deposit companies, $50,000, if all three of these lines of business are combined, $100,000 for trust companies or for any combination of trust companies with one of the other lines of business, and $125,000 for any combination of trust companies with two or more of the other lines. Whenever these different lines of business are combined separate books must be kept for each line.

The directors of commercial banks must meet at least once a month and all loans and investments must be reported to them. The buildings constructed by such a bank for its use must not exceed in value sixty per cent. of the capital and surplus. Loans

to any single person, firm or corporation must not exceed twenty per cent. of the capital and surplus, unless secured by first mortgages on improved real estate exceeding sixty per cent. of its value. Loans on mortgages or other real estate security must not be made except in pursuance of a general resolution of the board of directors, and such loans must not exceed in the aggregate fifty per cent. of the capital and surplus in case of a commercial bank, or sixty per cent. of the capital and surplus in case of an institution combining the business of commercial and savings banks. Commercial banks are also permitted to invest in bonds of the United States, any State of the Union, foreign countries, in municipal and local government bonds of the United States and Canada and in mortgage and collateral trust bonds of any company which has paid dividends of at least four per cent. on its capital stock for at least four years. The reserves must equal at least fifteen per cent. of the total deposits, and at least six per cent. of the demand deposits and four per cent. of the time deposits must consist of cash on hand. The remainder may consist of balances in other banks and trust companies designated as depositories by resolution of the board of directors.

Savings banks are required to keep the same percentage of reserves as commercial banks, but only one half of the amount of cash on hand. The list of their permissible investments includes everything in that of commercial banks and in addition stocks (except bank, safe deposit and trust company stocks) on which dividends have been paid for at least five years. Any notes taken must have two or more signers, must mature in six months or less, and the aggregate amount of them must not exceed thirty per cent. of the capital, surplus and deposits. The banks must not invest more than twenty per cent. of their capital and surplus in any one kind of security or in any one loan.

As security for their customers, trust companies must deposit with the State Treasurer, in cash or in United States, Ohio state or local, or first mortgage railroad bonds, $50,000, if their capital is $200,000 or less, and $100,000, if their capital is more than $200,000. Their permissible investment list is the same as that for savings banks, with ground rents in addition. However, not more than sixty per cent. of their capital, surplus and deposits may be loaned on notes secured by real estate collateral, and all such loans must be approved by the board of directors. The investments of their capital and surplus must be secured by collateral of the kind they are permitted to buy. The securities in which trust funds are invested must be kept as a special fund for the security of such deposits. No reserves on trust funds are required, but on all others the reserve requirements are the same as for savings banks.

The act also provides for the appointment of a superintendent of banks with a salary of $5,000 per annum and the usual powers.

Oklahoma.

The Oklahoma law ('08 ch. 6 art. 1, 2) has attracted more attention than any of the others on account of the deposit guarantee innovation which it introduced, and some of its other features are noteworthy. The minimum capital requirement which it imposes is $10,000 for banks in cities of less than 2500 inhabitants, $15,000 in cities having between 2500 and 5000 inhabitants, $20,000 in cities having between 5000 and 10,000 inhabitants, and $25,000 in cities of over 10,000 inhabitants. The amount of the surplus fund required to be accumulated in the usual way is fifty per cent. of the capital instead of twenty per cent., the rule in most states. It permits banks to borrow on the security of their assets to an amount not to exceed fifty per cent. of their paid-up capital, and to loan to stockholders not to exceed fifty per cent. of their capital. It forbids loans to officers. A reserve of twenty per cent. of deposits is required of banks in towns having less than 2500 inhabitants, and one of twenty-five per cent. in other towns. All banks which are not reserve agents for other banks may keep two thirds of their reserves on deposit in other institutions. Loans to a single person, firm or corporation must not exceed twenty per cent. of the capital stock except in cases in which they consist of advances to assist in the marketing of agricultural products, in which cases they may amount to seventy-five per cent. of the capital.

For the purpose of guaranteeing deposits a State board is established, consisting of the Governor, Lieutenant Governor, president of the State Board of Agriculture, State Treasurer and State Auditor, and directed to make a levy on the banks of one per cent. of their average daily deposits for the preceding year, less the deposit of State funds properly secured. Each year thereafter each bank is required to report to the Bank Commissioner the amount of its average daily deposits and to pay into the guarantee fund one per cent. on the excess over the amount reported the preceding year. In case this fund is depleted from any cause the State banking board is authorized to levy special assessments sufficient to make good the deficit. Whenever, on account of insolvency or for any other cause, the Bank Commissioner shall take possession of a bank for the purpose of winding up its affairs, he is directed to pay the depositors in full, and, when the cash available of said bank, or that can be made available, is not sufficient for this purpose, he is directed to take the balance from the guarantee fund,

and, if necessary, from the proceeds of special assessments. For the replenishment of the guarantee fund the State Banking Board is given a first lien on the assets of the bank and on all liabilities against stockholders, officers and directors, and all other persons, corporations or firms. Upon compliance with the provisions of this law each bank receives from the Bank Commissioner a certificate stating that it has complied with the provisions of the guarantee law, and that the safety of its depositors is guaranteed. This certificate is required to be conspicuously displayed in each bank's place of business.

Amendments to General Banking Laws.

During the two years under review several States improved very much their regulations regarding the supervision of the banking business. Montana ('07 ch. 190), Oregon ('07 ch. 138), Florida ('07 no. 92), and Indiana ('07 ch. 182) provided for the appointment of bank examiners and endowed them with the powers usually conferred upon such officers. Georgia ('07 p. 85) created a bank bureau in her Treasury Department, made the Treasurer Bank Examiner, with the usual powers, and authorized him to appoint an assistant examiner. Vermont ('06 no. 203) changed the name of her former Inspector of Finance to that of Bank Commissioner. Kansas ('07 ch. 65), Missouri ('07, p. 23), Pennsylvania ('07 no. 280), and New York ('08 ch. 57) provided for increases in their forces for inspection and supervision, and Kansas provided that her banks should be examined twice a year. The power of the Commissioner of Banking was extended in Pennsylvania ('07 no. 309) and Wyoming ('07 ch. 68) so as to include private persons and unincorporated companies doing a banking business; in West Virginia ('08 ch. 30) to include savings banks, co-operative banking associations, trust companies, building and loan associations and all associations of like kind and character; and in Massachusetts ('07 ch. 377) to include any person, other than a steamship or express company selling steamship tickets, taking deposits of money for safe keeping or transmission. For the protection of the same class of persons aimed at in the Massachusetts law, New York ('07 ch. 185) and New Jersey ('07 ch. 106) require persons who receive deposits for international transportation and similar purposes to give bonds for the honest and faithful conduct of their business, and the latter to receive from the Commissioner of Banking a certificate of permission before they can do business.

Montana ('07 ch. 137) authorized the establishment within the State of branches of foreign banks on condition (1) that such a branch have a capital stock equal to that required of national banks in the place in which it is located, (2) that it receive a certificate of authorization by the State Auditor, (3) that it keep a reserve of at least twenty per cent. of its deposits, one half of which must be cash on hand; (4) that its loans to any single firm, person or corporation do not exceed ten per cent. of its capital, and (5) that it report regularly to the Bank Examiner and submit to his inspection. New Jersey ('07 ch. 35) provides that banking corporations of other States or countries may transact business in New Jersey only to the extent that similar New Jersey corporations are permitted to transact business in said foreign states. Pennsylvania ('07 no. 302) requires foreign companies and agents dealing in foreign securities to be licensed by the Commissioner of Banking; to deposit with a Pennsylvania Trust Company $100,000 in specified kinds of bonds as security for the proper conduct of their business; to be subject to inspection by the Commissioner of Banking; and not to guarantee to their customers more than eight per cent. on their investments.

Relative to *reserves* the most important amendments are the following: Pennsylvania ('07 no. 150) requires commercial banks, savings banks and trust companies to hold a reserve of at least fifteen per cent. against deposits subject to check and one of at least seven and one-half per cent. against time deposits. In the former case at least one third of the fund must consist of cash or clearing house certificates, one third may be invested in specified bonds, and one third be on deposit in Pennsylvania banks and trust companies approved as reserve agents by the Commissioner of Banking. In the latter case the fund may all be on deposit with approved reserve agents and one third of it may be invested in specified bonds. Texas ('07 ch. 37) authorized the use as reserve agents for her banks, of foreign banking or trust companies approved by the Superintendent of Banking. New York ('08 ch. 151) increased her reserve requirements from fifteen per cent. of deposits to twenty-five per cent. for banks in New York City, and from ten per cent. of deposits to fifteen per cent. for other banks. The amount allowed to be kept on deposit with reserve agents was reduced from one half to two fifths for banks in New York City and fixed at one half for banks in villages and at three fifths for other banks.

The following amendments relate to *loans and discounts:* Iowa ('07 ch. 91) authorizes loans to directors not holding any other office, on condition that they be made by resolution of the remainder of the board and that they be secured in the same manner as loans to outsiders. Minnesota ('07 ch. 156) modified the provision of the law limiting loans on real estate to fifteen per cent. of the capital and surplus, by authorizing loans to the extent of twenty per cent. of the capital and surplus on first mortgages on im-

proved farm lands of the State, worth more than double the amount of the loan. Montana ('07 ch. 164) forbids loans to officers unless they be secured by good collateral or otherwise, and, if they exceed ten per cent. of the capital, unless they be approved by the directors. Wyoming ('07 ch. 55) increased the amount permitted to be loaned to a single individual, firm or corporation from one seventh to one fifth of the capital stock. New York ('08 ch. 169) reduced the amount of loans which banks in New York City are permitted to make to single individuals, firms or corporations from forty per cent. of the capital and surplus and thirty per cent. additional, if secured by collateral worth at least fifteen per cent. more than the loan, to twenty-five per cent. of the capital and surplus and fifteen per cent. additional, if secured by collateral. A similar reduction was made on the amount of bills of exchange or commercial paper allowed to be discounted. Oklahoma ('08 ch. 6 art. 3) limited the amount of loans running longer than a year and secured by real estate mortgages to twenty per cent. of the total loans authorized, and limited the value of the building and fixtures owned by the bank to one third of the paid-up capital, and Ohio ('08 p. 269) limited the value of the real estate owned to sixty per cent. of the paid-up capital and surplus.

Other amendments aim at facilitating the process of settling the affairs of *insolvent banks* and protecting the assets of such banks by giving the commissioners authority to take possession as soon as they suspect insolvency. Methods of procedure after this point vary according to the part played by the courts in the matter. Arizona ('07 ch. 96) and New York ('08 ch. 143) strengthened and improved their laws pertaining to this subject. Indiana ('07 ch. 7) and Nevada ('07 ch. 189) increased the penalty imposed upon officers of insolvent banks for receiving deposits after knowing their banks to be insolvent.

The following states changed their *capital requirements,* the minimum fixed in all cases being $10,000: Colorado ('07 ch. 140), Nebraska ('07 ch. 3), Kansas ('08 ex. sess. ch. 15), Mississippi ('08 ch. 110) and Virginia ('08 ch. 207).

Trust Companies.

As noted above, the tendency of legislation regarding trust companies was to cause them to segregate their different lines of business and to conduct each subject to the laws governing institutions which make that line of business their specialty. For example, Massachusetts ('08 ch. 520) requires trust companies which solicit savings deposits to conduct a special savings department and to invest such deposits in the same manner as savings banks are required by law to invest theirs, such investments to be appropriated solely to the payment of such deposits, Maine ('07 ch. 96) requires the segregation of trust funds and their separate investment and the special appropriation of such investments to the owners of such funds. North Carolina ('07 ch. 829) makes the same requirements of trust companies as of banks relative to investments in real estate and reports to the Corporation Commissioner.

Regarding *reserves,* the tendency clearly is to require the segregation of demand and savings deposits, and in case of the former, to require the same reserves that banks are obliged to keep. In Massachusetts ('08 ch. 520) deposits payable on demand or within thirty days are subject to a reserve requirement of twenty per cent. in Boston and fifteen per cent. in other parts of the State, of which two fifths must consist of cash on hand, one fifth may consist of United States or Massachusetts bonds, and the remainder of balances with other banks. New York ('08 ch. 152) segregates demand and time deposits in substantially the same manner as Massachusetts and requires a fifteen per cent. reserve in cities and a ten per cent. reserve in villages. In New York City the reserve must consist entirely of cash; in other cities at least two thirds, and in villages at least one half must be cash. Missouri ('07 p. 190) excludes from the category of demand deposits all those for the payment of which a notice of more than twenty days may be required. The reserve requirement for demand deposits is fifteen per cent., consisting either of cash or balances in other banks, the proportion being left to the discretion of the officers of the institution.

Other noteworthy amendments to laws pertaining to trust companies are as follows: Maine ('07 ch. 96) includes among the enumerated powers of trust companies, that of conducting a banking business. The minimum capital requirement in towns of 5000 inhabitants or less is $25,000, and $150,000 in towns of over 30,000 inhabitants. Branches are permitted with the consent of the Bank Examiner. Loans to single persons or firms, unless secured by collateral, must not exceed ten per cent. of the capital, surplus and undivided profits, except on approval of the investment board, and must not exceed twenty-five per cent. of the capital, surplus and undivided profits even with such approval, unless the excess over this amount is secured by collateral, the value of which, in the opinion of the board, equals or exceeds such excess. Loans to officers and directors must have the approval of the investment board or of the board of directors. Trust companies must be examined once a year by the Bank Examiner and must report to him whenever so required. New York ('08 ch. 121) prescribes that the stocks and bonds of trust companies must

not be valued in the report of the Superintendent of Banks at a higher price than their investment value as determined by amortization and that such companies must not own more than ten per cent. of the stock of any other moneyed corporation, unless it be that of a safe deposit company whose vaults are connected with or adjacent to such trust company. Connecticut ('07 ch. 180) forbids trust companies to engage in any kind of insurance business, and Washington ('07 ch. 126) permits those who do not engage in the banking business to guarantee land titles. Massachusetts ('07 ch. 487) reduced her minimum capital requirement for trust companies in towns of under 100,000 inhabitants from $200,000 to $100,000 and for others from $500,000 to $200,000. California ('07 ch. 453) fixed her minimum capital requirement for trust companies at $100,000.

Savings Banks.

In 1907 the Legislature of Massachusetts ('07 r. 24) appointed a committee consisting of the Bank Commissioner, the Treasurer, the Receiver General and the Commissioner of Corporations to examine her laws relative to savings banks and to suggest changes therein. From their action resulted, in the session of 1908 ('08 ch. 590) a codification of the savings bank laws and some slight amendments. In the session of 1907, Connecticut adopted three minor amendments to her laws pertaining respectively to payments to joint depositors and to the order of deceased depositors and to the duplication of lost pass books. In 1907 New Hampshire adopted two amendments, one prohibiting the use of the designation savings bank by unauthorized persons or corporations and extending the power of the bank commissioners to enforce the regulations, and a second, prescribing that trust funds and public moneys may be deposited in savings banks in unlimited amounts. Maine and Texas also adopted slight amendments to their savings bank laws in 1907, the former pertaining to payments to joint depositors and adding California, Oregon and Washington to the list of states in whose securities investments are authorized, and the latter making clearer and more definite the powers of savings banks. In the session of 1908 four slight amendments to savings bank laws were passed by the New York Legislature and three by that of New Jersey.

UNITED STATES TREASURY IMPROVED

WHEN a small army of architects and artisans finishes the work now in progress on the United States Treasury building, the beautiful old structure will show the first material changes since 1869. Architecturally it still will be on the order of a Greek temple, representing, some folk say, the American people's worship of money. But visitors to the capital who have not seen the Treasury in recent years will find many changes for efficiency and economy.

The nucleus of the present building, located where President Jackson, irritated by the procrastination of Congress in choosing a site, put his hickory stick down with a thump and exclaimed "Put her there on that spot!" will remain unchanged, but the double stone staircase leading up to the colonnade on the Fifteenth street side has been torn away. Architects said it spoiled the beauty of that side of the building.

The thirty granite monoliths, each of which cost $5,500 and weighs thirty tons, now stand in an unbroken row. They are said to be the finest examples of their kind of the stone cutter's art. It required ten men, working sixty days, to produce each of them, and a solid train of thirty flat cars brought them to Washington from the quarries in Massachusetts.

The appearance of the front of the Treasury has been marred, the artists say, by the commercial aspect which the scores of trucks and wagons backed up to the curbs gave to it. So a private driveway has been built into the court. When it is finished the big three-horse truck which brings up its rich cargo of currency every day to the vaults from the Bureau of Printing and Engraving will carry its precious load practically into the building, instead of depositing it on the sidewalk. Express wagons which carry off hundreds of valuable packages will do the same.

To make more space inside the building, all the files of letters and documents will be stored in the old coal vaults under the lawn on the Pennsylvania avenue side, and new coal vaults are being built on the side opposite to the White House.

The completed building as it stands represents three stages of construction. The nucleus, located by Jackson, was finished in 1842. The south wing was finished in 1864. The north wing, finished in 1869, is on the site of the old State Department building. The long colonnade of brown stone, erected in 1864, deteriorated in the Southern climate and was replaced by the present granite monoliths a little more than a year ago.

EXPERT FINANCIAL SERVICE AS APPLIED TO BUSINESS ENTERPRISES

HOW TWO FORMER NEW YORK BANKERS HAVE SUCCESSFULLY DEVELOPED IT

If their business were confined to attending the financially sick, they might be called "financial doctors," but inasmuch as they do like the Chinese physicians—assist in keeping their "patients" well—a more correct term would probably be "financial advisers."

That is the new field of business recently opened up by Messrs. Davidson and Robinson, of 27 William street, New York city.

Both gentlemen have had much banking experience.

Harold A. Davidson was formerly secretary of the Home Trust Company, president of the Lafayette Trust Company, and Special Deputy Superintendent of Banks of the State of New York.

Charles L. Robinson, the other member of the firm, was formerly cashier of the Western National Bank, assistant cashier of the National Bank of Commerce, and vice-president of the Guardian Trust Company.

By their wide banking experience, which included passing through the ordeal of the panic and subsequent rearrangement of banking affairs, they saw the necessity and the opportunity of demonstrating that a financial adviser would have prevented conditions existing in business houses caused by bad financial management and could remedy a faulty or an embarrassing situation, by the rearrangement and refinancing of affairs and a reëstablishment of credit.

As bankers, these men knew the requirements of banks. They also knew the bankers' feeling when a customer or borrower becomes involved. They were sure of their own standing with the banks as to honesty, experience and intelligence, and were therefore able to plan and perform the readjustment of affairs of involved concerns to the satisfaction of the banker and the salvation of the commercial house.

Scope of the Business.

After long and careful consideration, the scope of the business to be undertaken outlined itself substantially thus:

To examine, reorganize and refinance the affairs of business houses or personal interests in need of expert financial advice and assistance.

To make analyses of new propositions and verify financial statements along practical lines not now covered by mercantile agency reports or public accountants.

To investigate the personnel, physical and financial condition of business houses desiring loans or an extension of existing loans, particularly in cases regarded as doubtful.

To represent financial interests in confidential capacities as agents, trustees or as directors in corporations where such interests are of a temporary character.

Harold A. Davidson

To conduct receiverships along constructive lines by conserving assets and effecting resumptions where possible.

An interesting fact was developed early in the new firm's experience, viz., that many business establishments get to the verge of failure and finally go over the brink for the want of a little expert assistance. As illustrative of this tendency, the following cases are reported:

A long established concern in Pennsylvania, whose products are known throughout the world, advised a New York bank holding its notes of its inability to retire them at maturity.

A personal call disclosed that the concern was managed by two men who had grown old together, and the refusal of their

local bank to extend accommodation had apparently disheartened them: their statement showed assets of over a million dollars in excess of liabilities, with no mortgage indebtedness and it was probable that the difficulty was the bank's inability to loan money at that time. At any rate, the following advice was given: "Your concern only requires backbone; go to another bank

Charles L. Robinson

and get the money to which your standing entitles you; it would be a crime for you to fail under present conditions; the notes must be met at maturity." Payment of the notes was made and the house is still doing business.

A company manufacturing agricultural implements in New York State was on the verge of suspension; examination showed its credits had been extended in a region where crops had failed that season and farmers could not pay. Title to the machines remained with the seller and if the next crop was good, the solvency of the concern was beyond question; character of the management being excellent, time was the necessary factor; an extension was advised and granted by the bank, which was finally paid in full.

An old manufacturing concern in Maryland, whose bank balances had been unsatisfactory, was notified to retire its notes at maturity, but more time was requested. Investigation unearthed the curious situation, that when the founder and principal owner died, his stock had been left to a daughter who was living very extravagantly and causing the payment of dividends at a rate that was draining the concern of otherwise needed cash resources; this lady was convinced of the necessity of a change of policy, with the result that the bank obtained its money.

A firm having been granted continuous renewals by a bank, was finally requested to liquidate its loans and was apparently unable to comply. Investigation developed that the death of the senior partner had placed the burden of financing the concern on a strictly commercial partner who was not qualified to handle the financial affairs of the business. A plan of refunding the debts was submitted which met the approval of all concerned, and the firm enabled to emerge from its difficulties to the satisfaction of itself and the bank.

A large house had by its neglect of banking requirements reduced its credit standing to such a point as to make its account undesirable. Examination revealed an antiquated system of books and organization; and after a complete audit and reorganization, and changes in personnel, the standing of the house was regained with commercial agencies and financial institutions, and its business continued upon a largely increased basis.

In many instances it has been found possible to save an old-established house from failure, and to relieve banks of the possibility of sustaining losses had such failures occurred.

In a number of cases consultations have been requested by accountants and business experts in which conditions required a working out of a financial plan and the practical fulfillment of such plan. One such instance involved a consolidation of interests in which insolvency was imminent and in which a greatly confused condition of affairs with poor management was found to exist. The problem was satisfactorily solved and both houses after being placed in a clean condition engaged in a new career of profitable business. A second case requiring temporary financing with a permanent line of credit was presented in an attempt to purchase the entire stock of a corporation by one of its stockholders. In this instance a most ingenious plan was worked out and being found legally exact and financially possible was pushed to a successful termination.

In the experience of every banker, it becomes necessary at times to examine into the reasons for the dilatory payments of customers of doubtful credit. The experience of both Mr. Davidson and Mr. Robinson in this regard is full of curious situations. One similarity they find in all exam-

inations. A loss of self-confidence and dread of impending failure. In several cases handled all that was necessary was kindly advice; in others, threats of drastic action; and others, a reorganization. In none of the cases did they fail to effect a "cure."

Sifting Financial Propositons.

No one but a practical banker knows the many occasions upon which the busy official says, "I haven't time." Such officer feels the lack of time and opportunity probably to a greater extent when he receives letters of introduction from correspondents which ask personal attention to plans for investment and capitalization. He must recognize the claims of his customer, yet takes the risk of offending him because he is unable to devote the time required for the examination of propositions. The members of the firm in question invite him to deliver his burden to them, with the assurance that every attention will be given to the visitor as well as to the plan submitted.

Examination of Borrowers' Statements.

The examination of borrowers' statements, presented with applications for loans or purchase of paper, is one which is recognized as unsatisfactory by bankers; the vital points are carefully scanned, but no actual verification of such is made, and as a result millions of dollars' worth of paper representing commercial credits is accepted by banks annually without anything like the care and consideration which one would give to his own personal investment. Examinations of this nature, the firm regards as its particular duty.

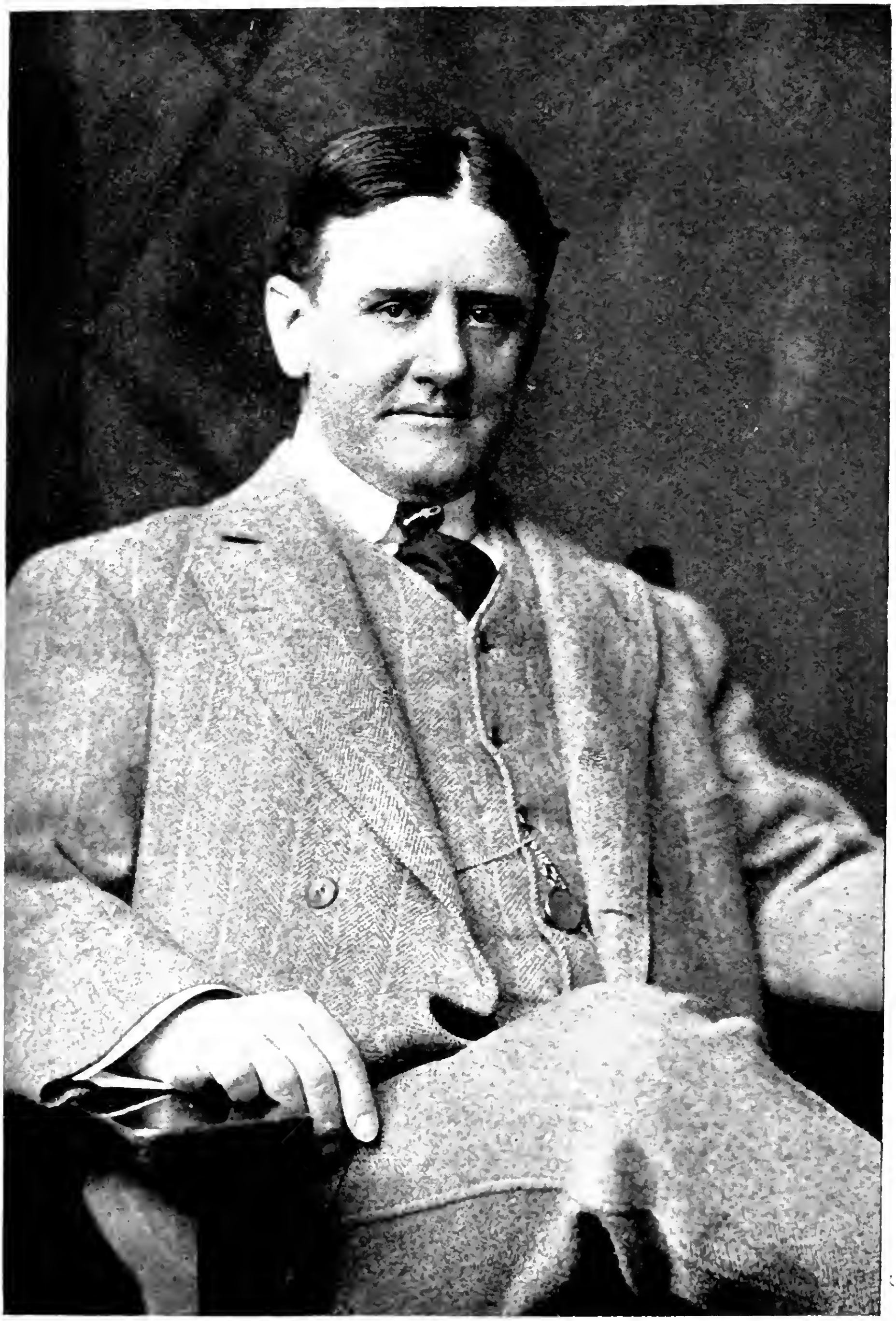
NEW YORK CHAPTER, AMERICAN INSTITUTE OF BANKING, MAKES LARGE GAINS

To increase the membership of an organization forty per cent. in a single month is an achievement worthy of note; especially if the organization is of considerable size, so that the additions run up into the hundreds. This is just what New York Chapter has done as a preliminary to the present season's work; or to speak statistically, starting with a membership of 770 on September 1, over three hundred and fifty new members were added to the ranks in the course of four weeks. Such an increase naturally raises the question, How is it done?

Throughout the summer, the Educational Committee was diligently at work outlining the study courses for the fall and winter, with the result that they were able to announce the following: (a) Thirty nights in English and public speaking, in charge of Prof. H. N. Drury of the Stuyvesant High School, New York. The tuition was placed at $5, and the number limited to fifty, which has been raised to 70, and the membership is now filled; (b) Six lectures on foreign exchange by Franklin Escher, editor Investments Magazine and financial editor of "Harper's Weekly"; (c) Ten lectures in banking law by Prof. Leslie J. Tompkins, of New York University. These lectures are to run consecutively, one course being concluded before another is begun; (d) Eight lectures in practical banking; (e) Seven "savings bank nights." These, together with the "open nights" proved a strong drawing card and too good an offering to pass by. Backed by such a program, the new officers started out on a systematic campaign for new members. The large number of banks in New York and Brooklyn offered an attractive field for energetic work. The city was divided into districts and each district placed in charge of a "district consul" and several meetings of these district leaders were held. The idea in mind was, first to increase the representation in banks already connected with the chapter, and second, to canvass those banks (and these are many) in which the chapter is not now represented. Enthusiasm ran high. Printer's ink and personal letters were freely used, and as a result the membership applications came swarming in, nearly a hundred at one consuls' meeting.

The opening meeting was held October 6 with the hitherto-sufficient-meeting-place crowded to the doors. James G. Cannon, president of the Fourth National Bank, formally opened the season's work. The sight of five hundred men on such a mission was an impressive one and Mr. Cannon aptly remarked that "he wished every bank president in New York could sit on the platform and look these men in the face. They would have no fears as to the future of banking in New York." The chapter's old and always welcome friend, Dr. C. B. Meding (one of the few men who can talk on moral subjects without preaching) gave an admirable address on "Character." William E. Knox, comptroller of the Bowery Savings Bank, and Professor Drury, completed the list of speakers. It was a most auspicious beginning of what promises to be New York's most successful year. The membership is now 1,065. Who can beat it?

W. H. Kniffin, Jr.,
Secretary.



HON. WM. B. RIDGELY
Former Comptroller of the Currency; President National Bank Audit Company

THE BICENTRAL BANKING SYSTEM

A METHOD DESIGNED TO STABILIZE THE COUNTRY'S BANKING AND CREDIT

By P. C. Wadsworth

THE suggestions given below offer a definite method, shortly to be put into practical operation by a company now organizing, for accomplishing the following objects:

First—A system of the most careful and thorough bank inspection and audit.

Second—Banks so inspected and audited may, if they choose, avail themselves of a guaranty feature assuring the sufficiency of their assets to meet liabilities, thus rendering certain the payment of all depositors in full.

Third—The inspection, verification and guaranty of legitimate commercial paper.

Fourth—The establishment of a rediscount system that will tend to make it possible for solvent borrowers always to receive the credits to which they may be justly entitled.

Improving the Present Financial Organization.

The nation's foremost bankers and economists agree that some new system of plan is needed to remedy the weaknesses of our present financial organization. The passing of the Aldrich-Vreeland bill permitting the issue of more paper currency, the laws guaranteeing the funds of State banks as adopted by some of the Western States, and the widespread discussion of the central bank question, all serve to indicate a recognition of the urgent need of some remedy, and to illustrate the various solutions of this problem that are being suggested and attempted.

Confidence Must Be Assured.

It is a fundamental principle that the success of any banking system depends upon the confidence of the public. The money loaned and invested by banks is largely the money of the depositor, who has the right to call for it at any time. If, therefore, the confidence of the depositor (who represents the public) is shaken and he makes a demand for his money, the bank must call its loans or sell its investments, at a loss usually; hence, the banks and the entire business world are seriously affected by any loss of confidence.

On the other hand, the great industrial development of the country has demanded an increasing lending power on the part of the banks.

Therefore, the question that this country now has to solve is, how can the depositor be made secure, without restricting the legitimate and proper lending power of the banks?

The attempts at solution of the problem have been numerous and persistent. Since the trying times of 1907 the search for the right remedy has been particularly earnest, although inaugurated long before.

The Remedies Proposed.

Let us consider briefly the three principal attempts at solution, which have been adopted or suggested, as possible remedies:

First—The establishment through legislation of a guarantee fund for national banks, insuring the prompt payment of the depositors of any insolvent national bank under an equitable system available to all State banking institutions wishing to use it.

The platform of one of the leading parties in the last Presidential campaign contained a plank which incorporated, in substance, the above plan. When the question came to a vote in November of that year, the party advocating it was defeated, thereby ending such a national attempt at solution of this important problem.

Some banking authorities maintain that a government guaranty of deposits is wrong in principle; primarily, because it places all banks, good, bad and indifferent, on a parity. It has been declared that the adoption of a general government guaranty, applicable to all banks, would put a premium on reckless banking.

Second—The bank deposit guaranty law as adopted by some of the Western States, such as Oklahoma, Texas, etc., in which a fund contributed by the banks is used for the purpose of guaranteeing the funds of State banks.

One of the most noticeable results of this law, in the State of Oklahoma, for instance, has been the increase in the deposits, and the drawing forth of money from deposit vaults and other hoarding places and bringing it into circulation. The deposits of Oklahoma's State banks have increased 200 per cent. in two years, and over ninety national banks have been denationalized to come under State law. Whatever may be the sound objections to the principle of guaranteeing deposits, the operation of the Oklahoma law would seem to show that the guaranty idea has quite an important effect upon the public mind and purse.

Third—The third remedy that has been suggested is the establishment of a central bank of issue.

This proposal has aroused widespread discussion among the leading bankers and financiers of this country.

Experience has shown that the central banks of Europe perform satisfactorily the functions necessary to the smooth and efficient working of the financial and commercial operations of the several countries where they are located. Whether legislative sanction can be obtained for a bank of like character in the United States, and whether if such a bank were actually created it would under the different conditions work as efficiently here as in the European countries, are matters yet to be determined. With the existing political conditions, it cannot be said with any degree of certainty that a satisfactory charter for a central bank can be had in the near future.

The difficulties in the way of securing early legislative sanction for a central bank, though in no wise affecting the merits of such a solution of our banking problems, do render it an unavailing remedy for the present and possibly for an indefinite period.

An Alternative Plan, Immediately Available.

That effective action looking toward banking reforms is possible, even without new legislation, has been long recognized by thoughtful students of our banking and financial situation. This view was well expressed in an address delivered before the recent convention of the American Bankers' Association by Hon. Theodore E. Burton, a distinguished financial and economic authority, a member of the National Monetary Commission, and United States Senator from Ohio. Mr. Burton said:

"I think it appropriate to impress you with the great possibilities which may be made actualities by personal initiative and by coöperation among yourselves without political action or the passage of any law."

Since both the Government and State guaranty of deposits have been found open to serious objections, and as the central bank plan is at present unavailable, it remains to be seen whether the advantages sought for in each of the above remedies may not be had without encountering any of the difficulties that have hindered their effectiveness.

This, it is believed, bicentral banking, described below, will accomplish. It can be put into operation at once without waiting for any legislative enactment whatsoever. It would not foster reckless banking, but on the contrary its very life principle rests upon the maintenance of the soundest banking attainable, and the wide distribution of its shareholdings makes it impossible for any clique to obtain control.

After years of careful study and close observation of our banking system, it is believed that a simple, effective and workable plan has been devised, based upon principles tested by successful experience, and calculated to insure public confidence in the banks and commercial credits of the country.

Essence of the Proposals.

In plain language, the plan means simply this:

First, it will give a depositor the absolute confidence that, at any time, he can get his money from his bank.

Second, it will give a legitimate borrower the confidence that he can get money from a bank whenever he needs it for legitimate and proper purposes.

Thus a double feeling of confidence, established at both ends of the banking business, will tend to create a perfect system of banking.

How can this be done? How can a depositor be made absolutely sure of his deposits, and how can a borrower be made certain that he can always secure money for legitimate business purposes?

The plan by which this double feeling of confidence may be established is this:

First—The National Bank Audit Company, organized in accordance with the laws of the District of Columbia, and under the supervision of the Comptroller of the Currency, will guarantee the assets of banks which, upon examination, are proven to be in good solvent condition.

Second—This company will guarantee that the commercial paper offered for rediscount by the banks it has examined and found solvent will be paid when due.

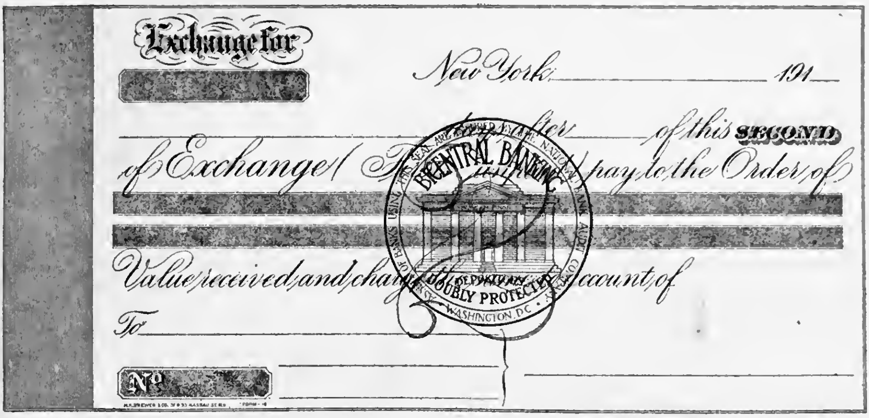
These are the underlying principles of "Bicentral Banking"—to guarantee that the assets of duly inspected banks will be sufficient to meet liabilities, and thus assure the depositor against loss of his deposits, and to guarantee that the legitimate commercial paper of the borrower will be paid when due.

"Bicentral Banking"—What It Means.

The following plans and methods of the Bicentral Banking System as proposed by the National Bank Audit Company of Washington, D. C., are herein submitted for consideration, with the belief that Bicentral Banking will furnish a sane, practicable and efficient means of remedying some of the chief deficiencies in our banking and credit systems.

The system of Bicentral Banking is based upon conditions peculiar to our country and our form of government. It recognizes the vast territorial area of the United States, the diversity and dissimilarity of interests, and even the territorial, sectional and partisan prejudices of the people.

The term "Bicentral Banking" in reality



The Company's Emblem

means the operation of banking through two centers, the first center being the National Bank Audit Company and the second center the banks acting as reserve agents in the central reserve cities and reserve cities, and the Company's client banks.

The Bicentral Banking system, as inaugurated by the National Bank Audit Company, therefore, has two chief functions:

First—The auditing, insuring and guaranteeing of bank assets in order to create confidence on the part of depositors in the bank.

Second—The certification, classification and guaranteeing of commercial paper, to create confidence in such paper offered by legitimate borrowers.

In creating this double confidence, therefore, our present banking methods will be greatly improved.

The National Bank Audit Company will commence business when subscriptions have been received to the amount of $1,000,000 capital and $500,000 surplus.

This amount of paid-in capital and surplus will be steadily increased and maintained at or above one per cent. of the deposits of banks holding the Company's certificates.

Functions of the National Bank Audit Company.

1st. It will make careful, accurate and complete examinations of banks of all kinds, national, State and private.

2nd. Will make full report of such examinations to the directors and officers, or others, when authorized by the bank under examination to do so.

3rd. Will issue certificates of such examinations to banks found in a satisfactory condition.

4th. Will guarantee all banks to which these certificates are issued that their assets shall be sufficient to pay all their creditors in full.

5th. Will organize and conduct Examination Bureaus for clearing houses, with or without the guarantee feature.

6th. Will, at the request of client banks, tabulate credit information, investigate and verify statements of industrial, commercial and other concerns seeking credit.

7th. Will do general auditing for firms, individuals or corporations, especially of firms offering commercial paper for sale to banks through note brokers or otherwise.

8th. The client banks of the National Bank Audit Company will transact their rediscount business through banks in the reserve center cities and will keep on deposit with these reserve center banks balances commensurate with the amount of business done by them.

These Reserve Banks may buy from clients of the National Bank Audit Company bills of exchange and trade paper.

9th. Will certify as to the genuineness of such paper offered for discount by its client banks and, under special arrangements limiting the amount for any one bank, guarantee that it will be paid when due.

Advantages of This System.

A threefold result would, therefore, be accomplished under this system.

1st. The Audit Company, by means of its audit, establishes and certifies the fact that the paper offered is genuine.

2nd. It establishes and certifies that the bank holding such paper is sound and solvent.

3d. It becomes obligated, through its guarantee, to pay the amount due at maturity, should maker and bank fail to do so.

The special methods which the Audit Company will use, perhaps for the first time

in the history of this country, to identify and classify banking paper will be of such a character that there will be no question as to the exactness of the identification. Certain definite and exacting rules and regulations will positively have to be followed by each client bank in determining the value and status of the banking paper that will be guaranteed by the Audit Company. These rules and regulations will, of course, be largely determined by the local conditions in each community.

Endorsement and Guarantee of Commercial Paper.

The copyrighted seal, or emblem, of the Audit Company, "Bicentral Banking," will be stamped on all the checks, notes, drafts, etc., that will be handled by its client banks.

Any one receiving, buying or selling banking paper guaranteed by the National Bank Audit Company will have confidence that such paper is good, because he will know that it has met the exacting requirements of the National Bank Audit Company.

This, indeed, constitutes one of the most valuable features of the Bicentral Banking system—the absolute confidence of the public in the security of the commercial paper identified, classified and guaranteed by the Audit Company's system.

As has been previously stated, such commercial paper as will be identified and guaranteed by the National Bank Audit Company, when it enters the discount market will then have for its security, first, the name of the original maker; second, the endorsement of the client bank accepting the paper, and third, the absolute guarantee of the National Bank Audit Company.

Commercial Paper Will Have a Wider Market.

Such three-name paper, known and recognized throughout the United States as certain of fulfillment at maturity, is sure of a much wider market than is possible under present conditions. This paper thus becomes a highly liquid security and can be freely dealt in by the client banks of the National Bank Audit Company, even though these banks are hundreds of miles apart.

For example: A note made by an obscure citizen in a small town in Ohio, and held by a local bank practically unknown outside of its home community (but, nevertheless, one of the client banks of the Audit Company), can be readily sold to another client bank, say, in New York or Boston.

Commercial Paper Guaranteed by the Audit Company.

Under the system adpoted by the National Bank Audit Company an investor in commercial paper, of its constituent banks, will not have to inquire as to the maker of a note, nor as to the solvency of the bank offering it for sale. The National Bank Audit Company itself, having made the necessary investigation, stands back of it by guaranteeing the endorsement of the bank.

Banks will, therefore, be able promptly and safely to transfer capital and credits from one part of the country to another, with a tranquilizing effect upon finance and business hardly to be estimated.

Bills of exchange and genuine trade paper form the most scientific basis of secondary reserve for banks.

Genuine, identified and proven trade paper forms the basis of the credit systems of every civilized nation of the world except the United States.

Foreign Systems of Discount.

In Germany, the Reichsbank may rediscount such paper and make its payments in bank notes, using such trade paper as the basis for two-thirds of its entire note issue.

By reason of the peculiar conditions prevailing in the banking system of America, it has been impossible to establish a general discount or rediscount market, because no one can know to which class the short-time paper held by American banks belongs, and all knowledge of its value is local, or chiefly so.

Back of all genuine, proven and guaranteed trade paper there must be convertible values as security for such paper.

Advantages of Commercial Paper.

Bills of exchange and proven and guaranteed trade paper are the only forms of short-time paper of which it may be said that the element of doubt as to payment when due has been practically eliminated. The bank, therefore, having the largest percentage of its loans in this kind of security, is in the best position to meet any unusual demand on the part of its depositors, for it can get currency quickly for short-time paper certain to be paid when due.

Banks will be encouraged to employ as much of their funds as possible in making such loans, and the tendency will be to encourage trade transactions and to discourage speculation.

Bankers Realize the Need of a Closer Inspection of Commercial Paper.

The large sales of commercial paper to banks widely separated from the place where such paper originates, and with imperfect means for ascertaining its value or even its genuineness, have introduced a new element of danger into the conduct of the banking business, which, however, would be effectually guarded against by the system of inspection, verification and guaranty established by the National Bank Audit Company.

As to the need of some improved method of ascertaining the validity and worth of commercial paper, I can not do better than to quote the views expressed by Mr. Lewis E. Pierson in his recent annual address as president of the American Bankers' Association:

"In recent years the sale of commercial paper and its purchase by the bankers through brokers has grown to vast proportions.

"The purchase is made upon the representation of brokers, on statements of condition of the makers and upon credit information obtained by purchasers from various sources, all tending to show the ability of the makers to pay their borrowings promptly at maturity.

"Banks in the reserve cities also are asked to make large purchases for the account of correspondents, and much paper is sold on option, by travelling salesmen of the brokers, direct to the country banks.

"The large banks in the cities maintain for the benefit of themselves and their correspondents extensive investigating bureaus, which, in many directions, are steadily working closer with each other in the exchange of credit impressions, so that nearly every name is always under a glaring searchlight.

"This method of determining the goodness of each name, while it has many advantages, is never surely correct, and on the other hand, out of the free exchange of opinions unjustified prejudice often creeps in to the detriment of solvent concerns.

"It would, therefore, seem to be a decided advantage to devise a regular system whereby true conditions may be absolutely ascertained to justify both the sale and the purchase of commercial paper and add to its availability as a desirable bank investment.

"The failure of several large concerns in recent years has revealed statements of condition upon which the purchase of their paper was largely made to be erroneous, to say the least, and as a result losses aggregating millions and millions of dollars have been sustained by the banks, although scattered in moderate amounts among a large number of institutions.

"The question, therefore, of regulating and making safer in some fair way the growing amount of commercial paper has been a live topic among bankers for some time. Many suggestions for the purpose of ascertaining true conditions have been made, including the registry by clearing houses of the notes sold and examinations of the affairs of the makers by public accountants of known standing.

"These requirements would seem to be greatly desired and perhaps would best be accomplished through a committee organized for the specific purpose of recommending accountants, the method of their examination and form of report and, with assistants, performing the function of registering each and every note issued by concerns selling their paper in the open market."

It is confidently believed that a long step toward furnishing the machinery necessary for doing this work of investigation has been provided by the organization of the National Bank Audit Company.

Capital of the National Bank Audit Company.

The field for such an institution as the National Bank Audit Company is a wide one. There are in the United States approximately 26,000 banking institutions, with total individual deposits of about $14,000,000,000. The National Bank Audit Company contemplates at the outset admitting to its system banks with deposits of a moderate amount, so distributed in different States as to divide and limit any possible risk. As the system attracts an increasing number of banks, the capital of the Audit Company will be increased in proportion.

Large National Banks Will Act as Reserve Banks.

The client banks of the National Bank Audit Company will transact their rediscount business through banks in the reserve center cities and will keep on deposit with these reserve center banks balances commensurate with the amount of business done by them.

These reserve banks may buy from clients of the National Bank Audit Company bills of exchange and trade paper.

Tends to Prevent the Hoarding of Money.

The National Bank Audit Company and the Bicentral Banking System will enable client banks to transform cash credits into actual cash with ease and certainty, and will tend to prevent the hoarding of money.

Aiding Banks in Times of Pressure.

The National Bank Audit Company will be able to aid its member banks in several ways in meeting any unusual pressure for currency or credit, even if such pressure develops into acute panic.

A considerable part of the capital and surplus will be kept in first-class negotiable securities. A portion of these will be of a character which can be lent to a bank as a basis for additional note circulation under the Aldrich-Vreeland law of May 30, 1908.

The Aldrich-Vreeland law provides two methods of obtaining additional circulation. One of these requires the formation of currency associations, which have thus far been formed only in the large cities. The other method permits a bank to act directly, pro-

viding it has already notes outstanding secured by United States bonds to an amount not less than forty per cent. of its capital stock, and has a surplus of not less than twenty per cent. Such banks may apply to the Comptroller of the Currency for additional circulation, which may be secured by bonds or other interest-bearing obligations of any State of the United States, or any legally authorized bonds issued by any city, town, county, or other legally constituted municipality or district in the United States which has complied with certain conditions of solvency.

The law provides that banks complying with the requirements above set forth may increase their circulation, in case of emergency, to an amount equal to the total of the unimpaired capital and surplus. Prior to the act of 1908 they could not in any case issue notes in excess of capital.

It will be the aim of the National Bank Audit Company, as soon as it begins operations, to confer with the Secretary of the Treasury as to the classes of municipal bonds most acceptable to him as security for notes under the above provisions. A sufficient portion of the capital to meet demands of member banks will be invested in such securities and will be kept among the assets of the company, subject to immediate use. In case a bank finds, as the result of pressure during the crop-moving season or for other reasons, that it needs additional notes and has not the class of securities acceptable to the Secretary of the Treasury under the law, the National Bank Audit Company will be prepared to lend such securities in exchange for assets of the bank which have been ascertained by its audit to be good—either commercial paper, railway bonds or other classes of bonds not falling strictly within the law.

Arrangements can be made, in the case of banks which are in close touch with the Audit Company, for the direct transfer of the necessary securities at once to the Treasury at Washington, where an officer of the Audit Company will attend to the details necessary to hasten the prompt delivery of the new currency.

The Audit Company will also be in a position to convert its securities promptly into cash.

Thus no solvent bank which is a regular client of the Audit Company need have any occasion to fear that it will be embarrassed by a currency famine or forced to even temporary suspension for lack of means for meeting the legitimate demands of its borrowers and depositors.

A Practical Endeavor to Help in Solving Some of Our Banking Problems.

Whatever may be the cause of panics, they are, in this country, almost invariably marked by a distrust of the banks. This does not imply that, in the ordinary sense, the people believe the banks to be mismanaged. The loss of confidence becomes more or less general, the public fearing that the banks as a body will be forced to suspend payments, either entirely or partially. Experience has shown this fear to be well founded.

It is the hope of the National Bank Audit Company, under its system of Bicentral Banking, to take a step in the direction of removing the causes of distrust which undoubtedly tend to aggravate the ill effects of panics. This will be done, first, by a system of bank examination such as will, it is hoped, command the respect of the banks and enhance their confidence in one another; second, by an assurance of the quality of the bank's assets, thus gaining the well-justified confidence of the depositor; third, by the inspection, verification and guarantee of banking paper, thus tending to stabilize the country's credits; fourth, by establishing a rediscount fund, where legitimate commercial paper, after proper inspection and guarantee, may, in case of need, be converted into cash.

The principles upon which the National Bank Audit Company will establish its business are almost as old as banking and commerce themselves, though some novel methods of applying them have been adopted.

A study of the practicability and efficiency of these methods is confidently invited.

NEW $10 COUNTERFEIT BILL

ONE of the best counterfeit ten-dollar bills of recent years has been discovered by the secret service. The note is such a fine piece of workmanship that Chief Wilkie declares the bill will give the public a great deal of trouble, particularly on the Pacific coast.

The bill is a counterfeit national bank note on the Pasadena National Bank of Pasadena, Cal. It is composed of two pieces of paper, a front and a back stuck together with the silk fibers between. It has the portarit of President McKinley, and one of the marks which will identify it to the public is a bad break in the background under McKinley's left shoulder. The face of the note is a little lighter than the genuine.

The etching and rough work on the back are badly done.

It is of the series of 1908, bearing the check letter "F." Chief Wilkie advises that notes of that issue be carefully examined before acceptance.

BANKING PUBLICITY

Conducted by T. D. MacGregor

HOW BANKS ARE ADVERTISING

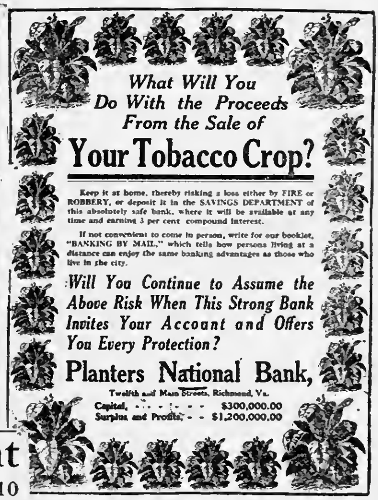
Note and Comment on Current Financial Publicity

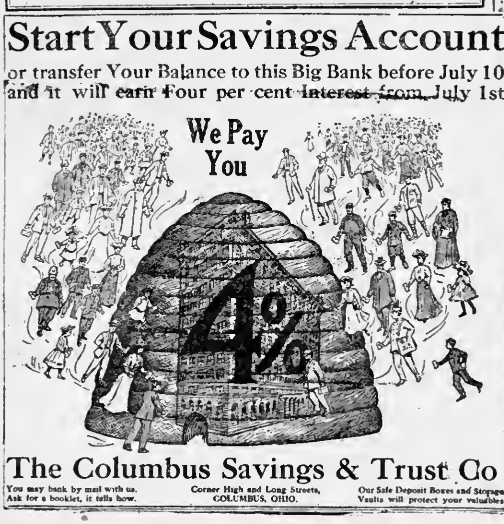
THE Ithaca, (Mich.) Commercial Bank conducts an annual "Corn Contest," offering prizes for the best ears of corn raised by the farmers in its territory.

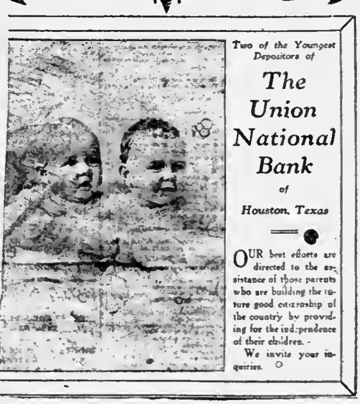
The National Hudson River Bank of Hudson, N. Y., advertises: "For the convenience of our customers we have a place in the bank for private conversations, letter writing or other business matters. This room is at your service."

Halley's comet is an old story now, but it is not too late to refer to some advertising done at the time of the comet's visit by the First National Bank of Stevens Point, Wis. Cashier J. W. Dunegan sent us copies of these ads., which received considerable attention locally. One of the clever ads. reads as follows:

Halley's Comet passed between the earth and sun today. During the time the comet was in transit across the sun's disc, the earth was swept by the celestial search-







A Collection of Special Ads.

light. There was no danger to the earth from the "tail" of diffused sunlight, as we are still moving along through space at the usual rate.

Getting back to earthly things, how about your finances? If your opportunity came today, would you be ready? If you would get along in the world you must have money, and the only way to have money is to save it. You can start a savings account here with one dollar. We pay 3 per cent. on savings and certificates.

You intend to save—start now.

All business confidential.

The First Mortgage Guarantee and Trust Company, of Philadelphia, naturally uses Benjamin Franklin's thrift sayings as much as possible in its advertising. A mailing enclosure slip contains this:

The "Thrift Family" in America is founded on the Philosophy of Benjamin Franklin. Hear him:

"The art of getting riches consists very much in thrift."

"If you would be wealthy, think of saving more than of getting."

"If you know how to spend less than you get, you have the philosopher's stone."

"He who waits upon fortune is never sure of his dinner."

"There are three faithful friends—an old wife; an old dog, and ready money."

You should join our "Thrift Family." We pay four per cent (4%) on savings, and allow withdrawals without notice.

"A Story of Growth, A City and a Savings Bank," is the title of an interesting folder issued by the Security Savings Bank, illustrating graphically the remarkable growth in territory and population of the city of Los Angeles and the bank itself. It is a most effective piece of advertising literature.

The advertising manager of the First National Bank of Montgomery, Ala., is a real live wire, and one of the best things he has done is a booklet entitled, "The Business of Getting Along and How a Good Bank Helps Out." It is most attractively printed in vest-pocket size and is full of just the short, snappy stuff that busy people like to read.

The Continental and Commercial National Bank of Chicago has issued its very valuable book of Crop Reports and General Business Conditions being a review of conditions as they exist to-day as seen by some 7,000 bankers and business men. This is the tenth annual report of this kind issued by the bank. On the whole the business outlook is considered favorable.

The Wisconsin National Bank of Milwaukee has issued its handy pocket "Wisconsin Bank Directory," which it distributes gratuitously. It contains a very full statement of the bank issuing it and this is the only advertising matter in the book.

The Naugatuck Savings Bank, Naugatuck, Conn., makes a specialty of furnishing industrial concerns in its parish with pay

Combination Ads.

envelopes which carry some very strong arguments for starting and maintaining a savings account in the bank. H. A. Dalby looks after the advertising of this bank. We reproduce some of his newspaper ads., showing a rather unusual combination real estate and bank advertisement idea.

The First National of Hood River, Ore., issues a good booklet, containing its very satisfactory statement and ornamented with cuts of its President Fred S. Stanley and of the interior and exterior of the bank.

A booklet, entitled "Your Bank Relations," gotten out by the Lake County Bank of Madison, S. D., is one of the most confidence-inspiring bank booklets we have seen.

ANY DEPOSITOR

in our Banking Department can arrange to do banking business in any of our branch banking offices. It is something of an advantage to have banking facilities whether you are in Jamaica—Long Island City—Brooklyn or on Broadway, Manhattan.

There is convenience as well as prestige in doing Banking business with the Title Guarantee and Trust Company.

The test of a Bank's strength is the proportion of its resources to its deposit obligations. This Company, including stockholders' liability, has behind its deposits more than $19,000,000 of its own, besides the securities and loans in which it has invested the deposits. There are but few large banks in this country that have so large a ratio of capital and surplus to deposits.

TITLE GUARANTEE AND TRUST CO

Capital and Surplus, - $14,000,000
350 Fulton St., Jamaica.
67 Jackson Ave., Long Island City.
176 B'way, N. Y. 175 Remsen St., Bklyn.

IS YOUR HOUSE IN ORDER?

Most men leave their house and their affairs in disorder. That is, they die intestate. Their property is at once involved and the aid of the Courts is often invoked to straighten matters out.

Some men leave directions with a personal friend. Sometimes the friend dies or makes a mistake, and the widows and orphans suffer the consequences.

It will cost you no more to have this great institution draw your Will and carry out its provisions, when the time comes, than it would to have an individual do the same thing.

The life of this institution is perpetual. It has large resources and a well trained organization of specialists. This safeguards your interests and guarantees you against mistakes or dishonesty.

TITLE GUARANTEE AND TRUST CO

Capital and Surplus, - $14,000,000
176 B'way, N. Y. 175 Remsen St., Bklyn.
350 Fulton St., Jamaica.

CONSTRUCTIVE BANKING

That expresses the working spirit of the Jamaica Banking Department of this Company. Our success is measured by our depositors' prosperity, therefore we do all in our power to serve them.

We often go out of our way to help depositors, knowing that if their profits increase, our business will be built up.

It is worth while to have a bank account with us.

TITLE GUARANTEE AND TRUST CO

Capital and Surplus, - $14,000,000
350 FULTON ST., JAMAICA
176 B'way, N. Y. 175 Remsen St.,

Supplemented by Form Letters

This bank gets out very attractive printed matter, a recent statement folder with a tipped on photographic cut of the bank's building being an especially good one. Vice-President John W. Wadden looks after the advertising.

The First National Bank of Northfork, W. Va., going on the principle that knowledge begets confidence, issues its statement in such a detailed and explanatory manner that it is readily comprehensible by the layman.

North & Company, bankers, Unadilla, N. Y., announce to their depositors a change of plan in regard to the bank's investments as follows:

To Our Depositors:

In order to further safeguard your deposits, we beg to announce that because of changed conditions and increased risks in lending money on notes, we will, beginning with January 1st, 1911, invest less in notes and more in bonds—safety of principal being preferable to high interest income.

No promiscuous outside loans will be made—and only good commercial paper and collateral loans accepted from our depositors, to such extent as their balances warrant.

With the increased number of banks in this section, there is danger of "double discount lines" by some borrowers getting all they can at several banks.

We have our demand deposits in U. S. bonds and cash on hand and in reserve banks; other deposits in New York State bonds and high grade securities.

The high quality and convertibility of our assets render our bank an unusually strong one. It is our aim to keep it in such condition that there can be no safer place in which to deposit your money.

Very respectfully,

NORTH & CO.

The Jamaica office of the Title Guarantee & Trust Company, New York, Robeson L. Low, manager, sends out form letters to a large list of names every month. Simultaneously advertisements covering the same topics appear in local Long Island papers. Mr. Low says that this advertising is proving resultful. We reproduce three of the advertisements issued this fall and following are the three form letters that were used in connection with them;

Dear Sir:—

When you deposit money you should be sure that the bank will be in a position to pay it back when you want it.

The test of a bank's strength is the proportion of capital and surplus to its deposit obligations. This company, including stockholders' liability, has behind its deposits more than $19,000,000 of its own, besides the deposits themselves. There is no other bank of Long Island that can make such a showing.

You are invited to call at 350 Fulton Street when we will be pleased to furnish any further information you may desire.

Yours very truly,

R. L. LOW,

Mgr. Banking Dept.

Dear Sir:—

Last July a friend of ours was taken ill, but his condition was not considered at all

dangerous. He had been moderate in his habits and lived an active out-door life. While he was confined to his room he had time to think of many things which the rush of affairs previously had prevented. He decided to make a will, so he sent for a lawyer and explained that he wanted certain properties to go to a favorite nephew, who had recently married. Also what he wanted done with other portions of his estate and how the family heirlooms were to be distributed.

Mr. S. was still sick in bed when the will was finished, but he and the lawyer went over it together and it was pronounced satisfactory and witnesses were called in. Mr. S. said, "Wait a minute till I change my position so that I can write more comfortably and I will sign the will." He gave his pillow a push, sat up in bed, reached for tne pen, but before he could put the pen to paper, he fell back dead. He had no idea of going then or for years to come. His wishes as expressed in the will were not carried out because it was not "executed." He waited too long.

Why not make provision while you are strong and well for the care of your estate? If an accident happens, or if you are ill, you will not then be worried about things that might have been provided for. A will is not irrevocable. Its provisions can be changed by the maker whenever he wishes. We have a booklet about trust and executorships that may interest you. We will send it to you for the asking.

Yours truly,

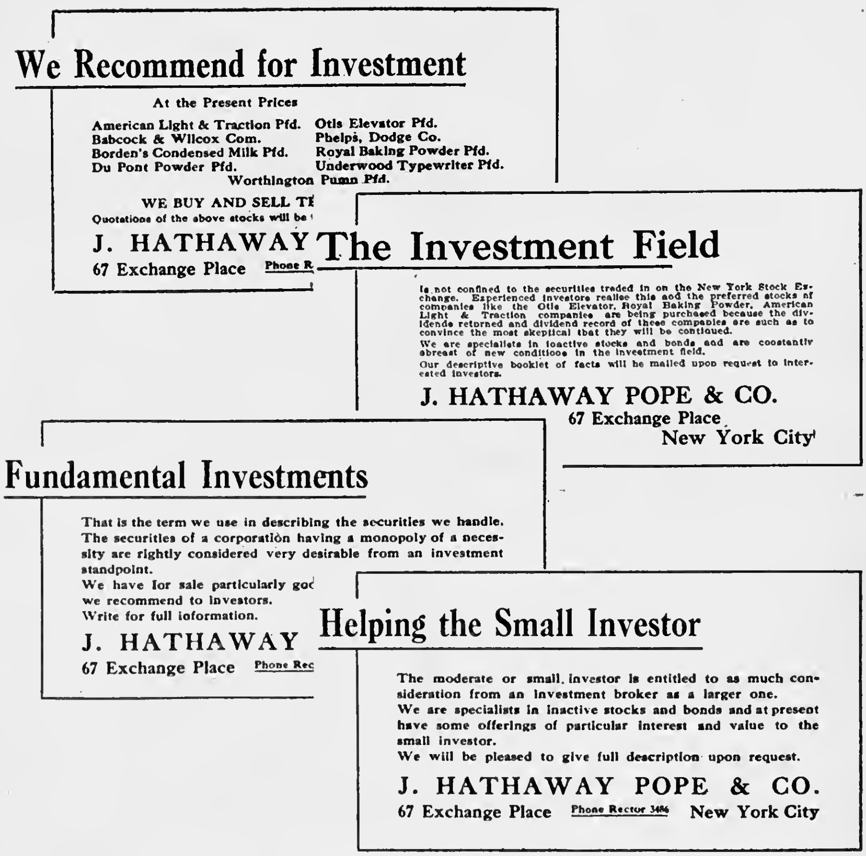
R. L. LOW,

Manager Banking Department.

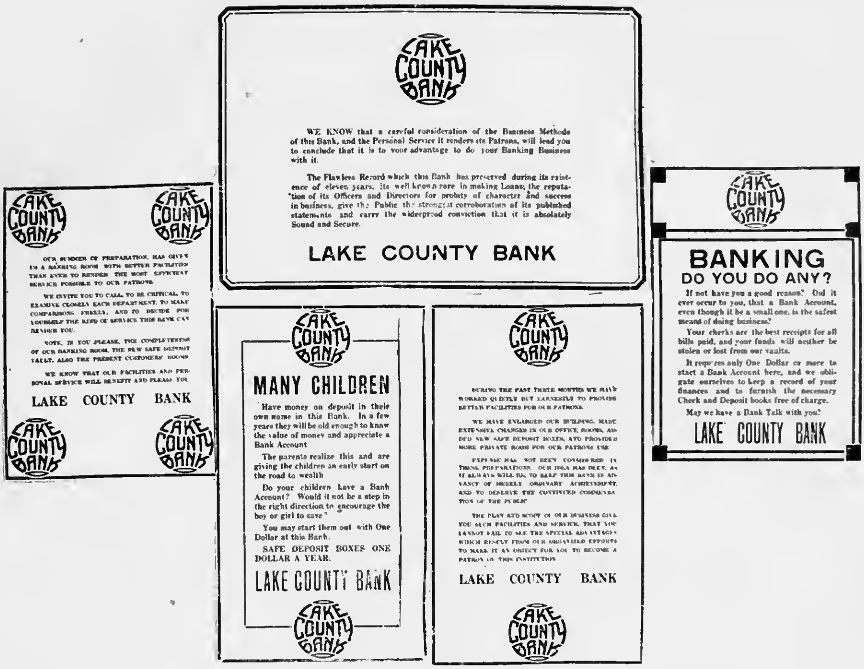
Dear Sir:—

Eighteen months ago one of our depositors came into our Jamaica office and said he was worried about his business—that his sales were satisfactory, but that apparently he did not have enough working capital. We went over the situation together. Some changes were made in methods of financing the business. We loaned him some money. To-day he is doing twice as much business and is in easy circumstances and making a good profit.

Another instance: Last July "Mr. X." came in and asked for an increased line of discount. The standing of "Mr. X." was



Good Investment Ads.



Excellent Display and Argument

beyond question. We analyzed the situation with him and he decided he would be better off not to increase his line. He came in last week and said it turned out as the analysis had shown.

The foregoing might be called Constructive Banking. The Constructive Banker aims to make not only "good loans"—but to lend money in such a manner as to help his depositors to the best advantage.

We offer you in our Jamaica office the advantages of Constructive Banking and remind you that you are dealing with the strongest financial institution on Long Island.

Very truly yours,
R. L. LOW,
Mgr. Bk. Dept.

The advertising of this company, the largest of its kind in the country, is handled by The Siegfried Company, New York, an agency specializing in high-grade financial advertising.

The Ladd & Tilton Bank, Portland, Ore., sends out a little portfolio of views of Portland with concisely stated facts about the "Rose City."

Mr. John W. Wadden, vice-president of the Lake County Bank, Madison, S. D., writes:

I am sending you to-day under separate cover for your inspection and criticism, a few newspapers containing some of the advertisements used in our daily newspaper campaign.

We occupy the same position in the paper from day to day, and change our copy, together with the form and border twice a week.

The trade mark we are using was adopted only a short time ago, and as soon as possible it is our intention to have it appear on all the stationery used in the bank.

Your good magazine has been of invaluable assistance to us in our advertising.

We reproduce a group of these advertisements which appeared in liberal space, "next to reading matter." The white space for display and the use of the trade-mark emblem are commendable. The copy of the advertisements is quite appropriate and to the point. This is good advertising and ought to bring results.

The Granite Savings Bank and Trust Company of Barre, Vt., is distributing some very effective leaflets, two of which are, "The Margin of Safety,' and Why Start a Savings Account?"

In sending its advertisements to the newspapers the Fidelity Title and Trust Company of Pittsburgh furnishes the printer with a model ad. set-up, with these instructions:

Please set this advertisement in space two columns wide, six inches deep. Follow the type-arrangement shown, with close attention to detail, using the same type-faces. This advertisement for style only. New copy attached.

A Few Good Ones

"The New Era" is the subject of a leaflet issued by the Franklin Society for Home Building and Savings, New York. It quotes favorable remarks of the State Superintendent of Banking in regard to good building and loan associations. This society recently sent out a very successful form letter, as follows:

Your account indicates that you are interested in the Society. And the Society has always tried to deserve the excellent good will of all its patrons.

Many changes have been made in the twenty-two years of its existence, always with the intent to further safeguard the interests of the investor and to create methods of greatest convenience to its members.

With each change for the better, there has been a new impetus in its business and in spite of the hard times the Society is enjoying a most healthy growth.

October is a savings bank month. You

know that deposits made up to Monday, October 3rd, will earn from October 1st. Build up your own account. Tell your friends about the Franklin Society, and induce them to open an account with it.

Yours very truly,
HENRY A. THEIS,
Second Vice-President.

"The way to wealth is as plain as the way to market; it chiefly depends on two words, industry and frugality."—BEN FRANKLIN.

Mr. Theis writes about this letter as follows:

The enclosed letter was sent to about two thousand of our depositors, at a total cost of about $60. Up to date I have been able to trace twelve accounts whose initial deposits total $1,750. Besides that it brought forth one deposit of $2,500 from an old member, it is impossible to tell how many further deposits were instigated by this letter.

The Bentleyville National Bank, Bentleyville, Pa., writes:

Your department of Banking Publicity is the most interesting part of your Magazine to us and we would be pleased to see it increased in usefulness to the country banker.

We do want to help the country banker and can do so to more purpose if the country bankers themselves will help by sending us samples of their advertising matter and telling us about their experience in getting new business by advertising. We would like to make an "experience meeting" of this department.

ILLUSTRATED ADVERTISEMENTS

The Value of Pictures in Driving Home an Advertising Point

MR. C. E. Zimmerman, who has drawn a good many designs for illustrated bank advertisements writes as follows on the value of illustration in advertising:

The ticking of the ever faithful clock is steady, but its monotony soon makes it inaudible.

When advertising is the same thing over and over again or is commonplace in any particular it soon becomes as monotonous as the tick of a clock and attracts as little attention.

With your advertising in the paper, you are in competition with three things for the reader's attention: with the news end of the paper, the editorial part, as well as the other advertisers. The readers do not take the paper or magazine to read the ads, so you must in some way gain their attention in order to influence them. At the present time, attention is considered to be at least seventy per cent. of the value of an advertisement.

You can readily prove this yourself by simply picking up some magazine, turning through the pages and marking some ads that you stop to read. You will see that every one of them has a good illustration.

An illustration, however, must do more

"Class" Appeal

than simply obtain the reader's attention. Advertising is only another form of salesmanship, and you know that a merchant who would attract people's attention by getting upon a barrel on a street corner would not sell many goods.

In the same way a grotesque illustration or for that matter an illustration of any nature may be striking and still if it fails to carry home the idea of the advertisement little good will be accomplished.

While the reader realizes the truth of the text it would not have the same meaning to him without an illustration which carries home the idea.

Although attention is by far the most important part of any advertisement, an illustration does even a great deal more than securing it. It would take many times the amount of space to make a reader understand what he can see at a glance when it is placed right before him. It is the same old story of seeing is believing.

People furthermore like to look at pictures and they demand to be interested. As a race we are too busy to read anything that is not clear and plain or to give attention to anything that requires an effort on our part.

If many an advertiser who knows he is not securing results would read his own advertisements from an unprejudiced standpoint, he would see in an instant there was nothing to interest him, let alone anything to attract his attention.

A merchant who has a line of regular and permanent patronage may consider at first that they are naturally interested in his advertising and will be inclined to read them.

Elbert Hubbard says that the best way to keep the old customers is to go after the new ones. A strong point of this statement overlooked by most advertisers is the fact that the thing that will attract the new trade will be pretty sure to hold the old. Comparatively few advertisers are without competition. Often this being equal, they have to be different in their advertising from their competitor before they can expect to attract trade away from him.

FUNDS, FACTS AND SPACE

Essentials of a Successful Advertising Campaign

HENRY DIMSE, vice-president of the Century Bank of New York in an address recently said:

The question of what constitutes good bank advertising, if it had been presenteo to the "good old stock" in the banking business of years gone by, would no doubt have brought forth the reply that he was not interested, because to him it was considered undignified for the banker not only to advertise his institution but to solicit accounts. To the banker of the present time who is giving considerable attention to advertising, his thought on this question would be that good advertising means not what is morally good, but how can the business of the institution show healthful growth through this means.

To obtain this result he recognizes that through publicity he has seen successful merchants and tradesmen increase their business by using the newspapers to bring before the public what is to be offered.

What the nature of the advertising should be, and in what form it should be presented, requires careful consideration. The advertisement should be attractive, so it will catch the attention of the reader, and it should emphasize the strength of the institution by showing its capital, surplus, undivided profits, and the reserve carried for the security of depositors, with a statement of what the bank can do for its prospective customers. Such an advertisement should not be continued for any great length of time without change, so that new features of interest to the proposed patron of the bank will be brought to his attention.

The position of the advertisement is of great importance. It should be so placed that it will attract the eye of the reader. The double column quarter page, or the single column half page, usually bring the best results in this direction.

Funds, Facts and Space the Elements.

To carry on a successful campaign of advertising the essentials are: Funds, Facts and Space. With this ammunition there is no reason why an effectual growth of the bank's business should not be obtained.

As to funds: There should be a sufficient appropriation allotted for judicious advertising, which should not be considered as an expense, but rather as an investment, just as rent may be considered for location. Too often the question of how much it will cost is considered, rather than what will be the results.

Regarding facts: They should be educational instead of the stereotyped statement of a bank with its list of officers and directors, which so often is published. The public should be made acquainted with the growth of the institution in every direction from time to time, explaining that its management is alert and progressive, and that its policy is up to the times. The composition should be in the nature of a talk with business men, and should be changed frequently, so that new thoughts of interest will be presented.

Consideration of space: As results are looked for, the matter should attract attention so that the reader may be convinced. Display type should not be sparingly used so that the important features of the advertisement may be brought out.

The experienced advertiser knows that persistency is required to obtain publicity, and that while immediate results may not be shown, eventually the results looked for will be obtained, and the amount expended in the direction of advertising will be fully compensated.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

THE BELLAMORE ARMORED MOTOR BANK CAR

AN IMPROVED MEANS OF COLLECTING, TRANSPORTING AND DISTRIBUTING MONEY AND SECURITIES

WITH the growth of banking and the general adoption of modern ideas in the business world, a demand has sprung up for the more rapid transfer of money and securities between local points. This demand for a quicker movement of valuables has been met by the use of the automobile, adapted to banking needs in such a clever manner as to justify the title, "A Bank on Wheels."

Armored Steel Motor Bank Car, Type 11 VC. Side View

The success achieved by this "travelling bank" in England and elsewhere illustrates afresh the tendency of the banks to get in closer touch with the people with whom they deal, indicating the removal of barriers that have heretofore prevented a better understanding between the banks and the public.

No doubt the improved service the banks will be able to give by employing this new invention will encourage savings, and will serve as one of the great factors of education in economy and conservation.

Not only will it benefit the people, but it will broaden the banks' field of operations, enabling them to establish and cultivate business relations in districts so remote as to be inaccessible with the facilities heretofore at their command.

This is a progressive age, and in order to keep up with the times banks must find a way of removing obstacles that hinder wise progress. At first sight, many of the innovations introduced into the banking business seem contrary to the conservative spirit which should undoubtedly characterize the conduct of banking. But often a closer study shows that these innovations are but an evolution made necessary by changing conditions, and instead of being opposed to conservatism are an indispensable part of it.

In all matters pertaining to transportation, time and safety are elements of the greatest importance. The earlier generations could not imagine the marvellous progress that has resulted from swifter transportation and the rapid means of communication made possible by the telegraph and telephone. Quite in line with the economy of time effected by these great inventions, with their consequent inestimable benefits, is the Motor Bank Car, or Bank on Wheels, which is not only an im-

Armored Steel Motor Bank Car Type 11 VC. Rear view showing car ready for service

mense saver of time, but also eliminates risk as a factor in moving money or valuables from place to place.

Besides these strictly utilitarian features, it serves a higher function. It brings home to the people a better knowledge of banking, thus educating them to become savers. The wage-earner or small merchant, who thought his savings too insignificant to carry to the bank, is given a new sense of importance by the bank sending a safe conveyance to take his money to the bank. Thus many new avenues of business are opened up which never could be availed of without this banking auxiliary.

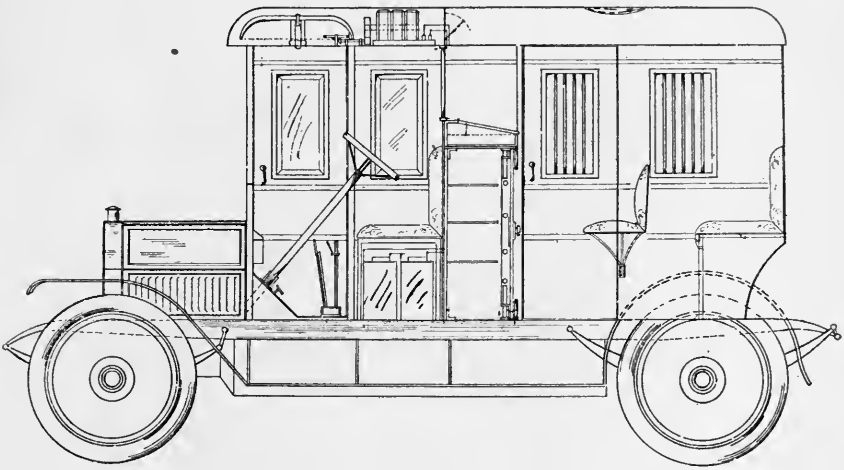
By making regular trips to manufacturing plants and organizations employing large numbers of people, the Motor Bank Car will turn the attention of the wage-earners towards saving, thus diminishing wasteful expenditures, preventing hoarding, and placing the surplus money of the country where it belongs—in the banks.

Improved Service to Customers.

From this standpoint the Motor Bank offers many advantages. Too often the newspapers are filled with accounts of robberies of bank messengers. Such occurrences will be impossible to banks using the Motor Bank. It also offers speedy service in getting money to customers for

payroll or other purposes or for bringing money and securities to the bank.

It will be found that the bank which adopts this means of improving its service to the public will benefit its business exactly as the great mercantile establishments do in keeping their facilities up to the highest possible standard. The advertising value alone of such an evidence of progress can hardly be measured. And in these times banks must and do advertise. What better form of advertising could there be than some-



Armored Steel Motor Bank Limousine Car, Type IV BL. Sectional view

thing that conveys to the public mind that a bank is taking the best available means for protecting the money and valuables of its dealers and at the same time offering them the latest and most modern facilities?

As the name implies, the Bank on Wheels is a veritable perambulating bank. In its design and construction all the conveniences and safeguards are employed that are found in the most modern and best-equipped banking offices. The body is built of steel and is protected by electric burglar alarms, thus giving a greater degree of safety equal to that found in the average up-to-date bank vault. It is moreover equipped with a burglar-proof safe of the latest design, and all the devices for giving an alarm should an attack occur. Provision is made for the convenient transaction of business both by the customer and the representative who accompanies the car. No feature has ben overlooked in providing for comfort, privacy and security.

Use of the Automobile Heretofore in Banking.

The automobile is not a new element in the banking field, having been used extensively in England, Germany, Canada and United States, by bankers, trust companies and safe deposit companies, ever since the motor car reached a perfected state.

Bankers faced with the problem of distributing money to their various branches; safe deposit companies, and, hundreds of business houses, have been forced into using the automobile for rapid delivery and collection.

This method, while being an improvement on the old way of simply allowing a messenger to travel as best he might, is by no means satisfactory. It certainly does afford greater speed, but falls far short of assuring safety.

The risk attending the operation of a pleasure car in the carrying of valuables—from burglarious attack and hold-ups on the road—has been a serious consideration. The character of the construction of a pleasure car does not lend itself to the transportation of any degree of concentrated weight, thus making it impossible to equip such cars in a manner necessary to assure safety.

To meet the requirements of safe transportation of money and valuables of different kinds, the motor bank car has been designed, so constructed and equipped as to give practically the same protection as the strong rooms or vaults of a bank.

Description of the Car.

The motor bank car is an armored steel vehicle protected by a patented system of electric alarms. Should the car be attacked at any point, either by drilling, wedging, cutting or annealing the steel walls, or the steel grille work protecting the windows, a powerful alarm is instantly set in motion which can be heard at a great distance. This electric burglar alarm is constructed on the

same lines and principles as the electric alarm protection used on the largest banks and safe deposit vaults in this country. Apart from the security given by the electric alarm, the construction of the car provides ample resistance from any burglarious or mob attack. The walls and roof are built of steel, hardened insulating material and hard wood. The body is also fireproof and being equipped with a heavy bolt work system, checked by a Yale bank combination lock, capable of 100,000,000 changes. The interior of the safe is built to suit the uses the car will be put to. A desk or counter extending the full width of the car, under the cashier's window, contains the money drawers. To the right and left underneath is arranged a series of compartments, which

Armored Steel Motor Bank Car, Type 11 VC. Rear view

would not burn in any fire that might occur in a garage, etc.

The car is an enclosed structure divided into two distinct sections. The front compartment for the driver and a passenger, the rear containing the banking room. Two doors, one on each side of the car, give access to the driver's section, and one door on the right hand side, opening inwardly, gives entrance to the banking room. At the rear of the car a handsomely designed vestibule is found which serves to give privacy and protection to the customers while transacting business. The windows on the banking room are equipped with electrified steel grille work, also the dividing partition between the two sections.

The Banking Room.

The interior arrangement of the banking room includes a large steel safe, the door can be used for the storage of books and other articles necessary in the transaction of the business which will be conducted from the car.

An electric lighting system run from storage batteries is part of the equipment, and a series of signal devices are arranged between the two compartments so that the messenger can communicate with the driver, giving instructions without leaving his seat. The walls and floor are finished with polished hard wood. The door of this compartment is equipped with a special duplicate key latch lock with alarm bell attachment. A powerful check spring is furnished which automatically closes the door at all times. The windows are fitted with bevel plate glass.

The vestibule is so designed as to allow but one person on it at a time. Folding gates opening inwardly are provided at the rear. The platform is approximately four-

Armored Steel Motor Bank Car, Type 11 VC. Front view

teen inches from the ground, bringing the customers within easy reach of the cashier's window. The roof of the car extends over this vestibule, giving protection from the weather and lending symmetry to the general design of the car. An automatic device operated from the inside of the car opens and closes the gates, locking them securely when the vehicle is in motion.

The cashier's window is located at the back of the car at a convenient height from the floor. Steel shutters electrically protected cover the window on the outside, opening and closing automatically by means of a device operated from the inside of the car. A steel grille is fitted into the window opening, leaving a space of four inches at the lower part, through which business transactions and the handling of money can be made.

Safety Features.

No loop-hole has been overlooked in the perfect protection and safety of the car, its contents and of those who are in charge of the vehicle.

The body structure of the car is completely and thoroughly protected by a patent system of electric alarms, giving instantaneous warning of attack either by drilling, wedging, cutting or annealing the linings of the steel grille work protecting the windows, partitions, etc. The frame work is made of armored wood re-enforced with a finishing plate of hard wood on the inside. The lin-

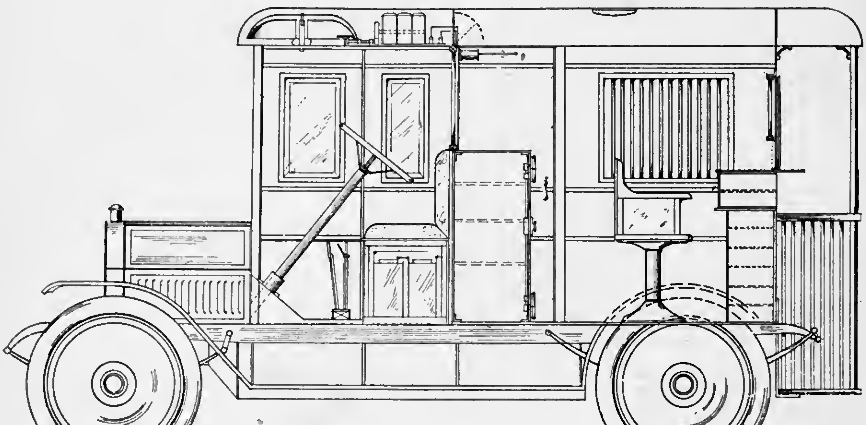
ings, constructed of alternate layers of tempered steel, hardened insulating material and electrified plates, are attached to the armored frame. The sides, dividing partition between the two compartments, back and roof, are all constructed in this manner, giving absolute protection and great strength. The floor of the banking room is further re-enforced with a heavy tempered steel plate, lending stability and rigidness to the car. Over this plate is a flooring of hard wood.

The steel grille work protecting the windows and dividing partition between the driver's and banking compartment, is of a special construction which insures absolute protection, instantaneously giving warning of an attack either by cutting, bending or burning.

The car affords the banker the same degree of security as can be found in the strongest burglar-proof vaults built. One of the many devices is an arrangement whereby the car can be locked up and left standing without attendance and should a person other than those in charge of the vehicle attempt to tamper with or operate it, he would not only fail to gain entrance, but immediately set the alarms and warn the owners and the surrounding neighborhood.

To guard against the success of any interference or hold up while the car is in service, the messenger can, without leaving his seat, press a foot switch located in the floor beneath the cashier's window, which action automatically releases the folding shutters over the teller's window, closing them instantaneously, and setting the electric alarm gongs ringing. A similar device is provided in the driver's compartment beside the steering wheel.

A valuable feature in connection with the transportation of large sums of money between branch institutions is the arrangement of special locks on the steel safe. The money can be placed in the car under the supervision of an officer of the institution and it cannot be touched by the messengers on the car until arrival at its destination, when the manager or representative of the branch is present and inserts the proper key. The messenger on the car carries the master key, requiring his presence when the safe is locked up and when opened, and by this means a positive check is had on the handling of the money from the moment it is shipped to point of its arrival.



Armored Steel Motor Bank Car, Type IV VL. Sectional view

The Safe.

The safe with which this car is equipped is made of the highest grade steel and embodies the latest ideas and improvements in safe construction.

The interior arrangement of the safe consists of a heavy steel cross shelf about eight inches from the floor, two large cash drawers with duplicate key Yale locks, document spaces, etc. The finish of this work is mahogany, to match the interior of the car.

Four heavy round cross bolts checked by combination lock with special anti-dynamite trigger device constitute the locking mechanism. A duplicate master key lock is also attached for special uses when the car is used for carrying large sums of money between branch institutions.

Types and Finish of Cars.

There are three distinct models of these cars, each being built to fill the requirements of the service for which it may be

used, and can be had equipped either on a twenty or forty horse power chassis.

The standard color for the outside of the car is steel gray, highly varnished and rubbed down to a coach finish. The steel grille work, vestibule and all metal trimming burnished and heavily nickel plated.

Interior of banking compartment golden oak or mahogany, with silver-plated trimmings. The steel safe painted with aluminum bronze and neatly striped with gold leaf. Interior of driver's compartment to match the general finish of the banking room.

Raised metal lettering giving the name of the bank will be furnished as part of the equipment.

Uses of the Car.

The motor bank car enlarges the field of the bankers' operations, the possibilities of its uses being manifold. It is not only a portable safe deposit vault, but is so arranged that actual banking business can be transacted, making it no longer necessary to be bound by the limitations of a local neighborhood. Clients living at a distance, who find inconvenience in keeping in touch with the bank itself, can be brought into immediate personal contact with the institution through the service afforded by the motor bank car, providing all the conveniences and facilities that can be found in the offices of the bank.

Some of the many uses this car can be put to is in the delivery of pay-rolls to factories, the collection of heavy deposits, delivery of large sums of money to customers, the transportation of bullion, carrying of money and securities between branch institutions, collection and delivery of valuables for safe deposit companies, etc.

The motor bank car may also be used as a pay-car by corporations who employ large numbers of hands scattered in different sections of the city, such as street railway companies, electric lighting and gas companies, contractors, builders, etc., and also by government and city departments as a paymasters' car.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

A SMALL BANK AND OFFICE BUILDING

By Charles E. White, Jr., Architect, A. A. I. A.

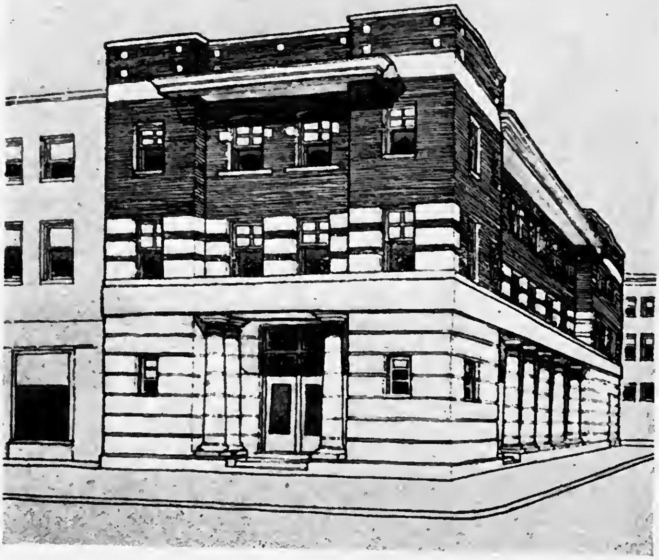
MORE and more it is getting to be the practice of banks to build, not an exclusive bank building, but a building containing the banking quarters in the first story, with offices and other quarters for renting purposes above. In this way, the rents from the floors above will pay sufficient interest on the investment to provide the bank with its own quarters at very low cost.

In addition to the financial value of such an arrangement, there is an advertising value. A building of this character, if it be well built, and dignified in design, imparts an air of soundness to the banking institution. It is invariably found by bankers that a new building increases deposits immediately. There have been many instances where a new building has lifted a very small banking business into a much higher class as soon as the new building was open, and without any decided increase in the capital stock. This is part of the psychology of banking. The building, 40x110 feet, illustrated, is for a bank with a capital of $200,000 and deposits close to one million. This bank was organized in a thriving commercial section of a large city, about five years ago. It is figured that the profit on the new building investment, deducting repairs, depreciation, interest and the like, will bring the rent of the bank's own rooms on the first floor, down very nearly to the price paid in the old building. In addition, the new building will undoubtedly increase deposits at least fifty per cent. faster in the next five years. because of the convenience it affords to clients, present and prospective.

Some Innovations.

In the plan shown, it was decided, for several reasons, not to adopt the frequent custom of placing the banking department along the window side, with the public space on the dark side.

With the former method, the tellers stand with their backs to the light, hence they have to resort to artificial light immediately over the window wickets. Then, in such a scheme, the windows must be high up, to avoid the possibility of the public viewing the entire interior behind the screen, from the sidewalk, outside.



Front View

Side View

The arrangement shown in the accompanying illustration, is better. With the banking quarters on the dark side, the light from the windows, shines directly on the tellers' wickets, making artificial light unnecessary, except on dark days. As a matter of fact, there is no dark side, for with large windows and open screens, the light is well diffused. In addition, the possibility of very large windows obtained, gives a splendid view of the bank from the sidewalk. This view of the banking floor, visible to casual passers-by, is very important, as many new clients are attracted in this way.

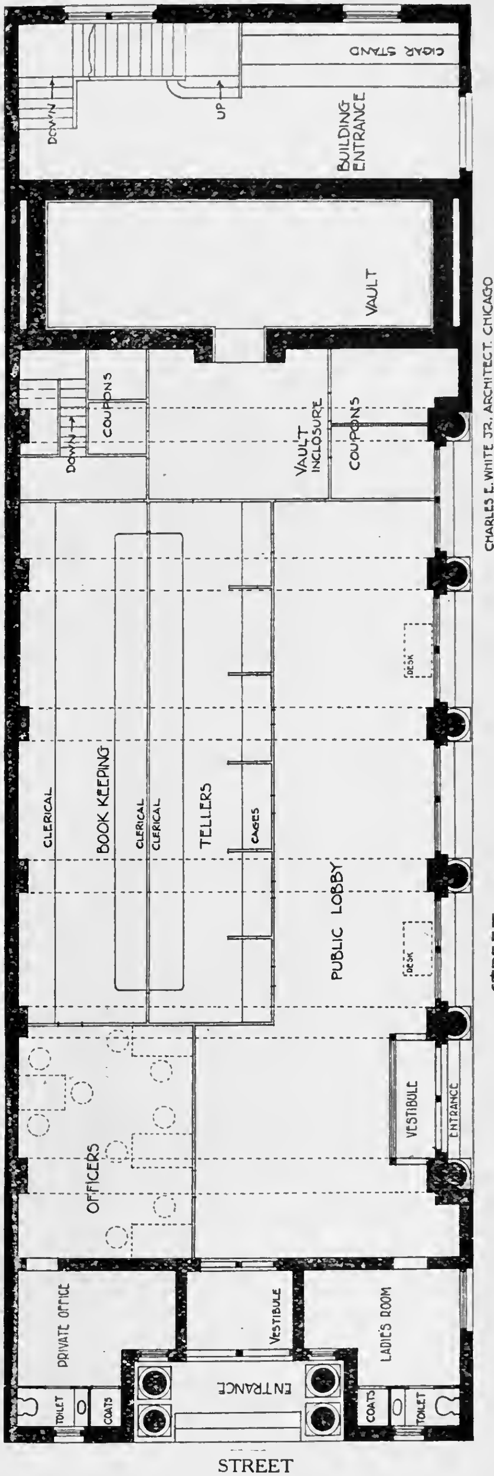
Another new idea in this bank plan, is the arrangement of the tellers' cages. It has been found in a moderate sized bank like this, that it is not necessary to give each teller a separate cage. In the plan shown, one large cage, open from end to end, contains all the tellers' wickets. A semi-screen subdivides each man's counter, to keep the different papers, cash and the like from getting mixed up, and one standing space or aisle is used by all. Such arrangement saves a great deal of valuable space, and permits of greater convenience in the handling of business between tellers. Of course, for a large bank, such a system would not be practical. In use with this method, is a cash truck, which is trundled into the vaults every night. This truck holds the cash, and is in the charge of one man, who is made responsible for it.

In a building of this size it is well to provide coupon rooms of different sizes. The small ones are used by individuals, the larger ones by parties of two or more. In this plan, the two coupon rooms next the street are connected by a rolling partition, which can be removed, thus turning them into one large room.

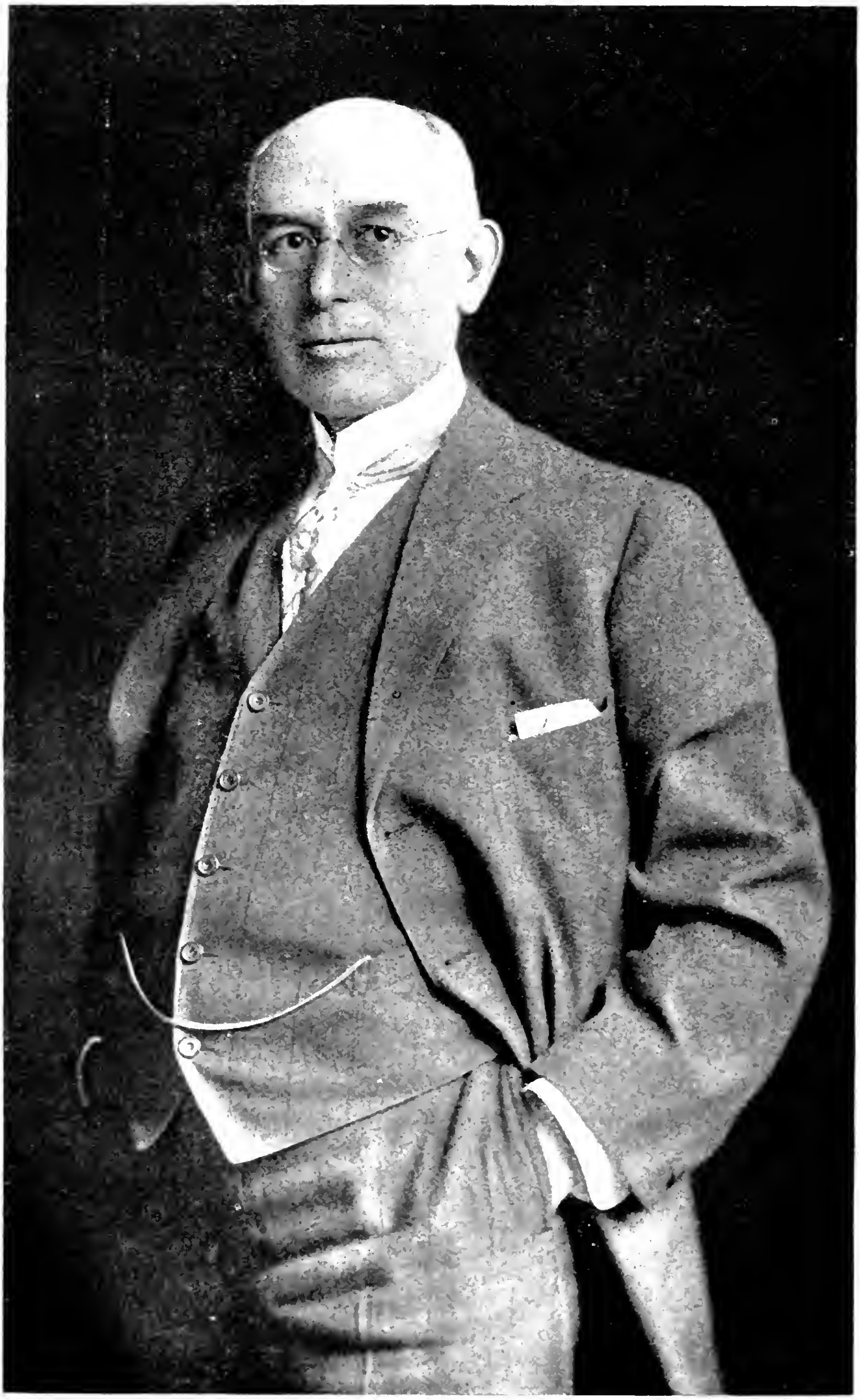
In a moderate sized bank it is not necessary to have separate safety deposit and cash vaults. It is perfectly practical to rail off one end of the safety deposit vault with a snap-lock gate, and keep the bank cash in a small separate cash safe.

The bank plan shown in the illustration was devised to provide the maximum of convenience and service, with a minimum of labor. For instance, the teller at the last wicket also acts as custodian of the safety deposit department. The gate to the vault is directly under his eye, and he can, by means of an electric lock, admit depositors.

A bank building ought to be dignified above all things in exterior design. The building advertises the business. You cannot expect the people to intrust their funds to bankers who do not demonstrate by the appearance of everything connected with their institution that they are progressive, conservative, honest financiers. A bank building ought to be as substantial in appearance as a public building. In fact, it is a public building.



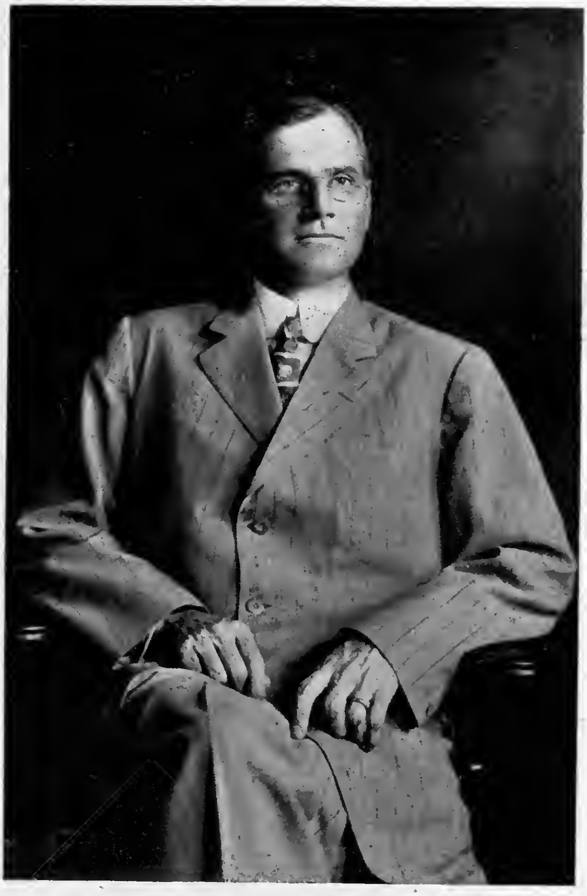
Floor Plan



WILLIAM PRICE
President Diamond National Bank of Pittsburgh

GROWTH OF THE DIAMOND NATIONAL BANK OF PITTSBURGH

SEPTEMBER, 1910, marked the end of the seventh year the present officers of the Diamond National Bank have had that institution under their guidance and it is interesting and gratifying to note the remarkable record the bank has had



D. C. WILLS
Cashier Diamond National Bank of Pittsburgh

during that period. A comparison of figures is appended:

	Sept., 1903.	Sept., 1910.
Loans & discounts..	$2,797,215.67	$4,396,263.00
U. S. bonds	203,281.30	305,093.75
Banking house	176,641.23	1,025,407.51
Cash and due from banks	587,044.64	2,086,317.93
	$3,764,182.84	$7,813,082.19
Capital	$500,000.00	$600,000.00
Surplus and profits.	1,294,815.99	1,674,553.31
Circulation	200,000.00	298,500.00
Deposits	1,769,366.85	5,240,028.88
	$3,764,182.84	$7,813,082.19

The figures speak for themselves and it will be remembered that the Diamond Savings Bank, organized at about the beginning of the period, has now over a million and a half in assets, the splendid Diamond Bank Building, admitted to occupy one of the best corners for commercial business in the city, was erected by the present administration and dividends of

Home of the Diamond National Bank of Pittsburgh

Office of the President

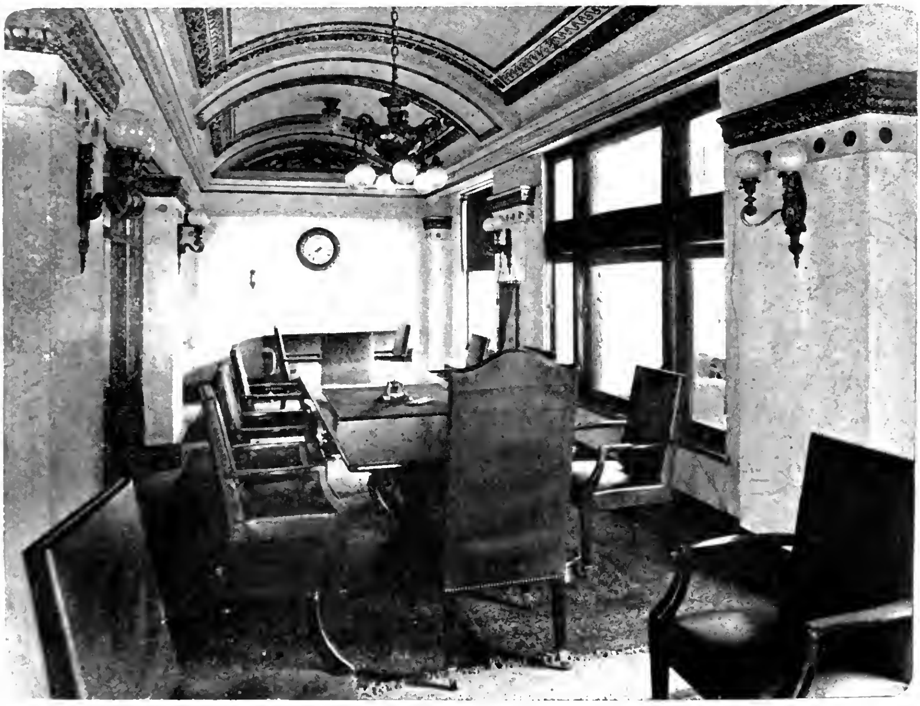
seven hundred and eighty-eight thousand dollars were paid to shareholders in the seven years.

The Diamond National Bank is a strictly commercial one, having a well balanced business consisting of fifty per cent. local deposits and fifty per cent. bankers' balances.

The black diamond with white letters is known all over the country as the trade-mark of this progressive bank; the aim of the officers and directors is that this "trade-mark" shall stand for both progressiveness and conservatism in banking.

William Price, the president, who occupies the same position with the Diamond Savings Bank, was vice-president previous to becoming the head of both banks. He is a native Pittsburgher of the self-made

View of the Main Banking Room



Directors' Room

type possessing a strong personality and his success as a banker was presaged by his building up one of the best known retail mercantile establishments in Greater Pittsburgh.

Mr. Price is interested in several of Pittsburgh's industries as stockholder and director and therefore keeps in close touch with the business conditions of the "Steel City." It is he who shapes the policies of the Diamond National Bank and its affiliated institution, the Diamond Savings Bank, and it is his dominating personality and good name that have made them successful.

D. C. Wills, the cashier, has spent his life in the banking business, beginning in the Mechanics National Bank of Pittsburgh twenty-two years ago. He is well-known as an American Institute of Banking man, having been the first president of Pittsburgh Chapter. He has been active, too,

W. O. PHILLIPS
Assistant Cashier

in the Bankers' Association of Pennsylvania, being now chairman of Group VIII.

W. O. Phillips, assistant cashier, is one of the popular younger bankers of Pittsburgh. He has risen from the ranks in his own bank, being in his fourteenth year of service and combines with his ability as a bank official a pleasing personality and a wide acquaintanceship.

The Diamond Savings Bank was or-

L. S. HUSEMAN
Cashier Diamond Savings Bank

ganized to provide a strictly safe depository for savings accounts and this purpose it fulfils admirably.

Under the management of L. E. Huseman, the cashier, who has been in charge almost the whole period of its existence, the savings bank has secured $1,214,469 of deposits. At the close of business September 1, 1910, it reported a surplus and profits fund of $152,321, a capital stock of $125,000 and total resources of $1,503,045.

Although representing diversified interests the directors of the Diamond National Bank are as one man when the welfare of the institution they serve is at stake. The present board is made up of the following prominent men:

W. B. Rodgers, J. P. McKinney, A. G. Barnett, J. D. Callery, John W. Robinson, D. C. Wills, A. M. Stewart, A. C. Wettengel, S. A. Pickering, W. G. Rock, E. E. Slick and William Price.

THE CONTINENTAL BANK AND TRUST COMPANY, SHREVEPORT, LOUISIANA

Continental Bank Building—Home of the Continental Bank and Trust Company of Shreveport, Louisiana

FOUR years ago when the Continental Bank and Trust Company of Shreveport, La., was in process of organization, the management determined upon a policy of progressiveness and conservatism which has been strictly adhered to from the opening day down to the present time. When the bank's charter was drawn up a provision was inserted to the effect that no loans should be made to any officer unless the application be approved by the directors, nor should any loan, if made, exceed ten per cent. of the capital stock and surplus. This action suggested the

slogan "Not a Dollar Loaned to Any Officer of This Bank," that has been used with telling effect in the statements and other literature prepared for general circulation.

When it first became known that a new bank and trust company would be organized to operate in Shreveport, the subscriptions for stock that came in were so numerous they could not all be filled. However, more than two hundred prominent citizens of the State, professional men, tradesmen and others, were able to secure an allotment of the three hundred thousand dollars of capital stock.

The opening day, when deposits of $300,000 were received, proved an auspicious beginning. By the first of January, 1908, the Continental Bank and Trust Company had gained deposits of $560,000 and resources of more than a million dollars.

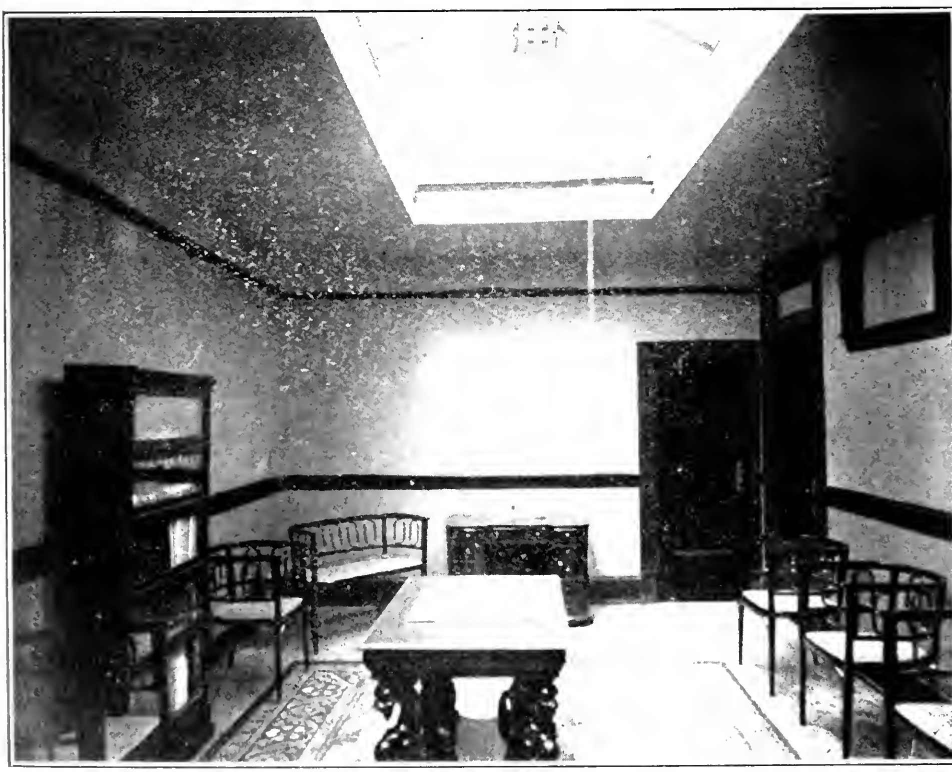
At the beginning of 1909 the annual report read: Deposits, $631,081; resources, $1,187.063. These figures were bettered by the January, 1910, report so as to read: Deposits, $1,177,517; resources, $1,678,134. On the eighth day of last March the deposits totaled $1,300,007 and the resources, $1,749,770.

But these figures do not tell the whole

HON. L. E. THOMAS

President Continental Bank and Trust Company, Shreveport, La.

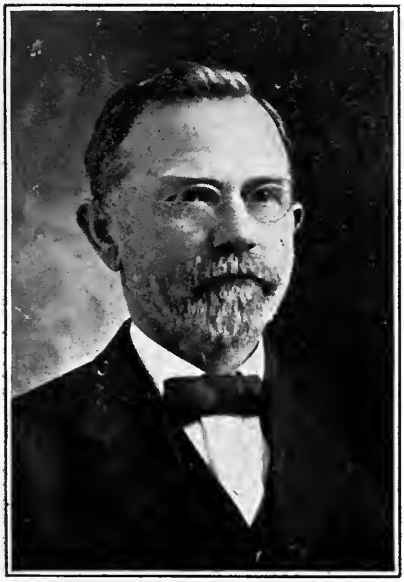
Main Banking Room



Ladies' Parlor

story. Up to October first, the total net earnings amounted to $100,000 and during the life of the institution six dividends that total $55,000 have been paid.

When it became apparent, soon after the opening day, that the original banking rooms would admit of no expansion of business, negotiations were opened whereby a desirable site was secured on Market street. To-day there stands on this site a modern seven-story, fireproof bank and office building, built and owned by the Continental Bank and Trust Company.



L. M. HOWARD
Vice-President

J. C. TRICHEL
Cashier

The first floor is devoted entirely to the interests of the bank, and no expense has been spared that might increase the appearance and efficiency of the equipment of the banking room.

The Continental appreciates the business of lady customers and has provided a beautifully furnished reception parlor for them. Adjacent to the resting room is a retiring, or dressing room, with lavatory, dressing table, toilet articles, etc.

Another feature to which particular attention was paid when plans for the new building were drawn up, is the safe deposit department, located in the basement. The vault is constructed of concrete and steel, twenty-two inches thick, with fire and burglar-proof doors that weigh over fourteen thousand pounds each. There are the usual safeguards for box renters.

Following its progressive policy the Continental Bank and Trust Company has established two branch banks; one is located in Mooringsport, with W. H. B. Croom as manager and J. E. Croom as cashier. Mooringsport is in the heart of the Caddo

J. D. YOUNGBLOOD
Assistant Cashier

oil and gas fields and the branch bank therefore fills a genuine need. The second branch, known as the West End branch, is in the city of Shreveport. It is managed by J. W. Peyton, and being near the railroad shops, has been very successful and productive of much new business.

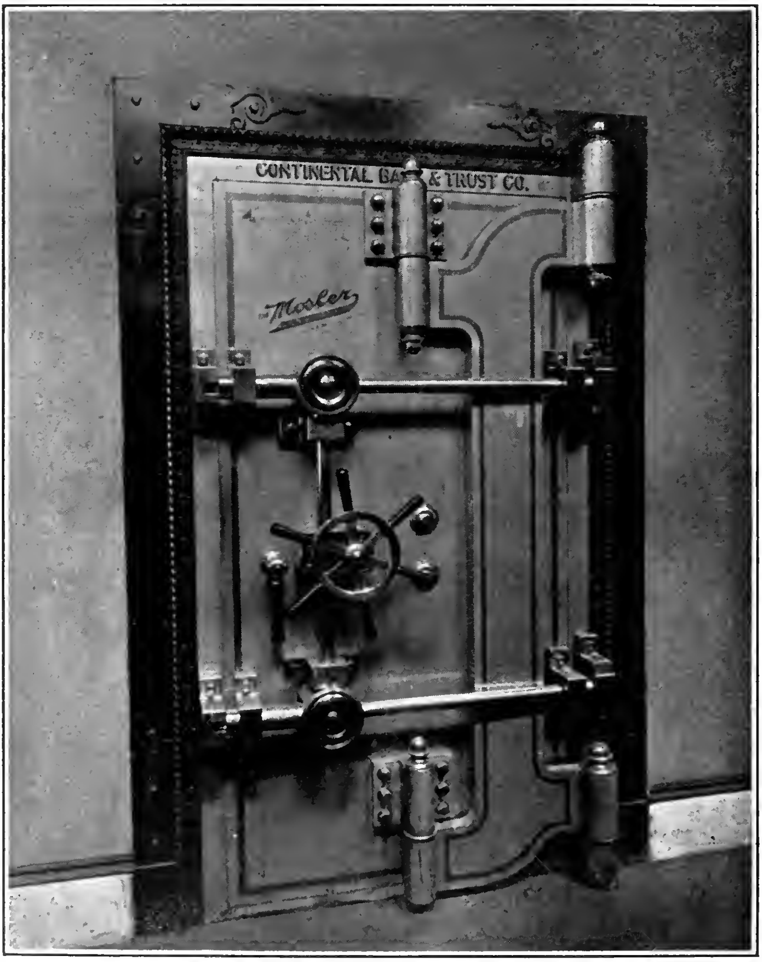
L. E. Thomas, the president, for several years occupied the position of Bank Commissioner and Examiner of the State of Louisiana, and achieved an enviable record for ability in discharging the duties of that important trust. Since his resignation to accept the presidency of the Continental Bank and Trust Company, he has given his whole attention to the work of making his institution successful.

L. M. Howard, vice-president, was for years a prominent merchant of Coushatta, La., and later became president of the bank at that place, the affairs of which institution have always been conservatively and well managed. He is also secretary-treasurer of Hearne Dry Goods Co., of Shreveport, La.

J. C. Trichel, the cashier, was formerly connected with the Exchange Bank at Natchitoches, La., an institution that he materially assisted to build up from a small beginning to one of the strong banks of the State.

J. D. Youngblood, the assistant cashier, served an apprenticeship in the First National Bank of Arcadia, La., and later became cashier of the Bank of Jackson, Jackson, La.

With these experienced officials, housed in its modern home, the Continental Bank and Trust Company of Shreveport, Louisiana, has before it a promising future.



Vault Door Closed—Weight 14,000 Pounds

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—The Knickerbocker Trust Company is about to enlarge its office building on the Northeast corner of Broadway and Exchange place, known as 60 Broadway, by adding the necessary fourteen stories to the present eight-story structure to carry out the original plan of a twenty-two-story building. By waiting two years the directors expect to save fully $300,000 from the original estimate of cost. When the building was planned, in 1907, the cost was placed at $2,000,000.

—The Royal Bank of Canada (head office Montreal) has taken a lease of the ground-floor offices and basement of the building at 68 William street, corner of Cedar street. The bank has had offices in another part of this building for some years. The new quarters were formerly occupied by Fisk & Robinson. The bank's lease is for sixteen years and seven months, beginning Oct. 1.

—Nathaniel D. Putnam, Jr., has been elected assistant secretary of the Guaranty Trust Company.

—Workmen are at present engaged on the First National Bank building located at the corner of Broadway and Wall street. Two full stories are to be added, and the new floor space thus provided will be taken by the bank's bookkeepers. When the building was erected in 1882 it was at that time one of the tallest structures in the city.

—The Union Exchange National Bank of New York, of which Henry S. Hermann is president, has been admitted to the New York Clearing-House Association, and will be known in the clearing-house as No. 100. It began business in June, 1903, as the Union Exchange Bank and did not enter the national system until last year. Albert H. Wiggin, vice-president of the Chase National Bank, was recently elected a director of the Union Exchange National Bank.

—The National Park Bank declared during the latter part of September the first dividend since the increase of its capital from $2,000,000 to $5,000,000. It was the same as that paid on the old capitalization, namely, four per cent.

—Mention was made last month of the organization of the firm of Colt, Hartshore & Picabia, dealers in bonds. Unfortunately Mr. Picabia's name was misspelled throughout. We regret the error and desire to make the correction at this time.

—James G. Cannon, president of the Fourth National Bank, has been elected a director of the Metropolitan Trust Company to succeed the late J. Edward Simmons.

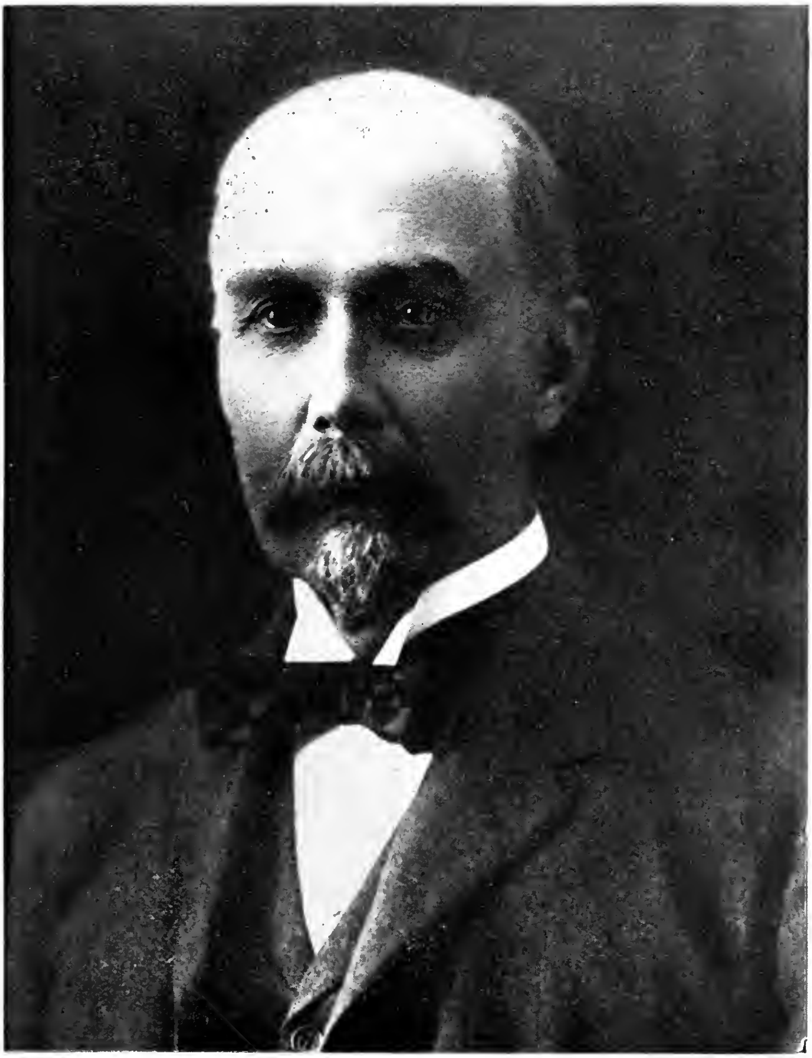
—The report of the Yokohama Specie Bank, submitted to the general meeting at Yokohama, shows that the gross profits of the bank for the half year ended June 30, including 1,167,407 yen brought forward from last account, amounted to 13,064,236 yen, of which 10,101,059 yen have been deducted for interest, taxes, current expenses, rebate on bills current, bad and doubtful debts, bonus for officers and clerks, etc., leaving a balance of 2,963,177 yen for appropriation. The directors propose that 350,000 yen be added to the reserve fund, and recommended a dividend at the rate of twelve per cent. per annum, which will absorb 1,440,000 yen. The balance, 1,173,177 yen, will be carried forward to the credit of next account.

—S. S. Campbell, president of the Night and Day Bank, has been elected a vice-president of the Fourth National Bank of New York to fill the vacancy caused by the election of James G. Cannon to the presidency. Charles H. Patterson, for many years cashier of the Fourth National, was also made a vice-president, and Daniel J. Rogers, heretofore assistant cashier was elected cashier to succeed Mr. Patterson.

S. S. CAMPBELL

Vice-President Fourth National Bank of New York

—The Chamber of Commerce on Nov. 3 elected A. Barton Hepburn, president Chase National Bank, its president, to succeed J. Edward Simmons, who recently died. James G. Cannon was chosen a member of the Board of Trustees of the chamber.



HON. A. BARTON HEPBURN

President Chase National Bank of New York; President New York Chamber of Commerce; President New York Clearing-House Association

At the recent annual meeting of the New York Clearing-House Association, Mr. Hepburn, was elected president to succeed William H. Porter, president of the Chemical National Bank. Edward Earl, president of the Nassau Bank, was elected secretary, to succeed Samuel Woolverton. William A. Nash, president of the Corn Exchange Bank, was elected chairman of the clearing-house committee, which also includes Francis L. Hine, president of the First National Bank; William H. Perkins, president of the Bank of America; Frank A. Vanderlip, president of the National City Bank, and James G. Cannon, president of the Fourth National Bank.

The report of the association for the year ended Sept. 30, showed total transactions of $106,749,253,036, of which $4,195,293,997 were balances and $102,553,959,069

exchanges. The total exchanges were greater than in 1909 by $3,296,296,658. The average daily clearings were $338,461,911, against $326,505,468 in 1909.

The largest transactions on any one day were on Nov. 3, 1909, when the total was $764,133,942, and the largest clearings were

PHOTO BY OLIVER LIPPINCOTT, N. Y.

EDWARD EARL

President Nassau Bank of New York; Secretary New York Clearing-House Association

also made on that day, the total being $736,461,519. The largest balances were on Dec. 21 and totaled $30,936,377. The smallest clearings on any one day were on March 26, when the total was $130,436,161, the total transactions on that day being $138,027,036.

Total transactions since the organization of the Clearing-House Association fifty-seven years ago have been $2,230,144,291,996, consisting of $2,132,059,754,829 in exchanges and $98,084,537,166 balances.

Mr. Earl, the newly elected secretary of the New York Clearing-House Association, and president of the Nassau Bank, has advanced steadily since his entrance into the banking field twenty-three years ago. Starting as assistant bookkeeper in the Nassau Bank, he received one promotion after another, arriving at the position of cashier in 1907. While filling this office Mr. Earl, owing to the disability of the president, acted as president.

His election to the presidency in November, 1908, was in recognition of his

ability as an executive and of the masterful way in which he guided the Nassau Bank through the trying times of 1907 and 1908. Under his leadership the Nassau Bank has increased its deposits fifty per cent.

—E. J. Stalker, who was elected vice-president of the Union Bank of Brooklyn on its organization in 1908, and who before that had been cashier of the Chase National Bank, has become cashier of the New York County National Bank. James C. Brower, who has been vice-president and cashier, will continue in the office of vice-president.

—Cornelius N. Bliss, Jr., of Bliss, Fabyan & Co., has been elected a director of the Fifth Avenue Bank.

NEW ENGLAND STATES

—A dividend at the rate of four per cent. per annum, payable January 16, 1911, has been declared by the board of trustees of the Providence (R. I.) Institution for Savings. The officers and those who comprise the board are: President, Edward D. Pearce; first vice-president, Robert H. I. Goddard; second vice-president, Howard O. Sturges; third vice-president, Frank W. Matteson; board of trustees, Edward D. Pearce, Robert H. I. Goddard, Howard O. Sturges, Royal C. Taft, Samuel R. Dorrance, Robert Ives Gammell, William B. Weeden, Horatio N. Campbell, John W. Danielson, William Gammell, Edward F. Child, Robert W. Taft, Henry D. Sharpe, Robert H. I. Goddard, Jr., Frank W. Matteson; treasurer, LeB. Bradford; clerk, John H. Ormsbee.

—In accordance with a vote of the stockholders of the Arlington National of Lawrence, Mass., the business of the bank has been turned over to a new institution known as the Arlington Trust Company, which has been formed with a capital of $200,000 and a surplus of $50,000. The Arlington Trust Company will occupy the rooms formerly occupied by the national bank, and the officers and clerical force of the bank will occupy the same positions with the trust company.

The board of directors of the trust company will consist of the directors of the Arlington National, with the addition of eleven members, all of whom are local business men. The officers of the Arlington Trust Company are as follows: President, Thomas M. Cogswell; vice-president, James F. Lanigan, Jr.; treasurer, James Houston.

—The Merchants Trust Company, a new institution, will commence business in Waterbury, Conn., November 15. J. E. Smith, a prominent lumber dealer of Waterbury, will be president, and John E. Bulger, secretary and treasurer. Mr. Bulger has been connected with the Commercial Trust Company of New York as credit man. The capital of the new institution will be $100,000.

EASTERN STATES

—Charles L. Gilliland has resigned as assistant cashier of the Western National Bank of Philadelphia to become treasurer of a large manufacturing concern in Chester. The vacancy in the bank will not be filled at present, the institution still having a capable assistant cashier—John Baumgartner—who has long been connected with the institution. Charles F. Wignall is cashier.

—The Fourth Street National Bank of Philadelphia has increased its dividend rate from twelve to fourteen per cent. in the declaration of a semi-annual payment of seven per cent., payable Nov. 1, against six per cent. previously. The sum of $500,000 has been added to the surplus, making it $6,000,000.

—Charles S. Calwell has been selected to succeed Benjamin Githens to the presidency the Corn Exchange National Bank of Philadelphia; he thus becomes the youngest bank president in the Quaker City. While

in session the directors of the Corn Exchange National Bank also elected William W. Supplee first vice-president and chairman of the board, made Thomas J. Jeffries second vice-president, and elected M. N. Willits, Jr., cashier and secretary of the board of directors.

Mr. Calwell is a native Philadelphian and came to the Corn Exchange National in 1891 in the capacity of an assistant to the receiving teller. His advancement from one department to another, and from the position of cashier to that of cashier and vice-president, and first vice-president, has been rapid and due solely to his natural aptitude for the work of banking. In honor of his advancement and to express their regard, about seventy clerks of the Corn Exchange National Bank have presented Mr. Calwell with a valuable loving cup. Cashier M. N. Willits and Assistant Cashier Newton W. Corson, both of whom were moved to higher posts as a result of Mr. Calwell's promotion, were also remembered by the clerks, who presented them with beautiful floral tokens.

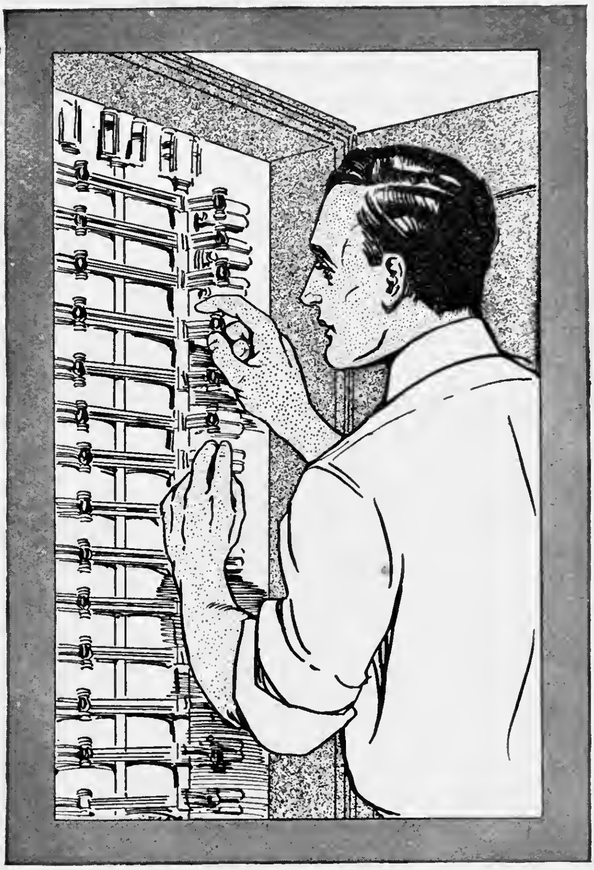
CHARLES S. CALWELL
President Corn Exchange National Bank of Philadelphia

—The Girard National Bank of Philadelphia, in addition to declaring the regular semi-annual dividend of seven per cent., has added $500,000 to its surplus fund, which is now $4,000,000.

—At a regular meeting of the board of directors of the Franklin National Bank of Philadelphia, J. William Hardt was elected an assistant cashier to succeed Charles V. Thackara, who has resigned to accept a position as general manager of the up-town branch office of the Philadelphia Trust Company. Mr. Thackara has been an assistant cashier of the Franklin National for several years, having been with the bank since its organization more than ten years ago. Mr. Hardt is promoted from the head of the general ledger department, where he has been for some years, and before going to the Franklin he was assistant national bank examiner with his father, William M. Hardt, now the clearing-house bank examiner of Philadelphia.

By declaring a semi-annual dividend of

When The Lights Are Switched On



Make your bank doubly attractive to clients by doubling the amount and improving the quality of the illumination. This is the season of the year when there is not enough daylight even for banking hours, not to mention before-time and over-time work.

Insure having an abundance of brilliant artificial daylight, eliminate eye-strain and increase the working efficiency of the bank's employees by installing G-E MAZDA LAMPS

G-E Mazda Lamps

Give More Light For Less Money Than Any Other Type of Electric Incandescent . . .

For four-fifths of the electricity required by an ordinary 16 candle-power lamp a G-E MAZDA will give twice as much light, whiter, more brilliant, more attractive and more like actual sunlight.

Representative banks everywhere are substituting G-E MAZDA Lamps in place of older and less powerful lamps. Our illustrated booklet, "Dawn of a New Era in Lighting," gives conclusive facts why you should do the same. Its 22 pages contains chapters on modern lighting requirements, lamp economy, metal filament lamps, cost of lighting, science of illumination, lighting plans, sizes and prices, reflectors, etc. Your request brings it by return post.

General Electric Company *Dept. 133 Schenectady, N. Y.*

AD. 2801

eight per cent. the directors of the Franklin National have placed their bank on an annual basis of sixteen per cent. This action was taken October 20.

—T. M. Jones, who has been assistant cashier of the Columbia National Bank of Pittsburgh for a number of years, has been forced to resign his position on account of ill health. Mr. Jones is one of the best known young bankers in Pittsburgh and vicinity, and has made many friends among the bankers, not only in Pittsburgh, but throughout the State, and it was with great regret that the directors accepted Mr. Jones' resignation, as he was extremely popular with the employes and customers of the bank. J. N. Thompson, formerly discount clerk of the bank, has been elected to take Mr. Jones' position. Mr. Thompson has also been connected with the banking affairs in Pittsburgh for many years, being formerly connected with the old Tradesmen's National, which was consolidated with the Columbia several years ago.

—The City Deposit Bank of Pittsburgh has added $100,000 to surplus, increasing that fund to $600,000, or three times the capital stock.

—Baltimore bankers have formed a national currency association under the provisions of the Aldrich-Vreeland act. The officers of the new organization are: President, C. C. Homer, president of the Second National; vice-president, J. B. Ramsay, president of the National Mechanics' Bank; secretary, Charles E. Rieman, president of the Western National; and treasurer, Waldo Newcomer, president of the National Exchange Bank. The executive committee is made up of Messrs. Homer-Ramsay; D. H. Thomas, president of the Merchants National; Eugene Levering, president of the National Bank of Commerce; William Winchester, president of the National Union Bank of Maryland; Charles T. Crane, president of the Farmers and Merchants National, and H. B. Wilcox, president of the First National.

—General John Gill, president of the Mercantile Trust and Deposit Company of Baltimore, has resigned and was elected chairman of the board of directors. A. H. F. Post was elected president. A. Wilton Snowden resigned as first vice-president, to take effect on the election of his successor.

—Walter B. Johnson has been elected to succeed William F. Drain as cashier of the National Bank of Cambridge, Md. Mr. Johnson has been for many years connected with the Farmers and Merchants National of that city as assistant cashier.

—Michael G. McCormick, first vice-president, has been elected president of the Merchants and Mechanics Savings Bank of Washington, D. C., in place of Eldridge E. Jordon, who was not a candidate for reelection.

—An election of directors was recently held by the Dime Savings Bank of Washington, D. C., with the following results: Directors for ensuing year, John C. Wineman, John H. Ontrich, Philip King, Joseph H. Milans, Ross P. Andrews, William A. Bennett, Max Cohen, Floyd E. Davis, Richard J. Earnshaw, William A. Engel, Harry Friedlander, Albert S. Gatley, Ashley M. Gould, John F. Collins, Louis J. Jackson, Harry King, Maurice J. Rosenberg, Joseph Sanders, Harry Standiford, M. Edward Swing, Clarence A. Weaver, Alexander Wolf, Elie Sheetz, Harry E. Mayer, A. Brylawski, John C. Letts, Samuel Hart, Louis Bush and George E. Barber.

—The Citizens Bank of Buffalo was established October 1, 1890, and therefore this

year fittingly celebrated its twentieth anniversary. During the twenty years this bank has grown rapidly. Its present assets will approximate $3,500,000.

SOUTHERN STATES

—The Gulf National Bank of Beaumont, Tex., by its absorption of the Commercial National Bank of Beaumont, has greatly increased its size and strength. In planning

P. B. DOTY
Vice-President and Cashier The Gulf National Bank of Beaumont, Texas

the deal provision was made whereby the accounts of the Commercial's depositors were transferred to the Gulf National Bank. The Commercial National was organized about one year ago and had for its officers the following: T. W. Garrett, president; George W. Carroll, vice-president; T. L. Coplin, cashier, and J. D. Proctor, assistant.

P. B. Doty, the vice-president and cashier of the Gulf National, whose portrait is reproduced herewith, is the ruling spirit in the enlarged bank. When he entered the Gulf National Bank as a teller, back in 1903, the deposits did not exceed $500,000; to-day they are something over $1,500,000.

—Messrs. Wesley Drane, John J. Conroy, Frank T. Hodgson, Martin L. Cross and C. W. Bailey have incorporated the Southern Trust Company of Clarksville, Tenn.; Mr. Drane is president and Mr. Bailey, cashier. The capital stock is $50,000, which will be increased as the business warrants.

—Winston-Salem, N. C., will soon have another banking institution established in its midst. The Merchants National is the name decided upon. It will have a capital stock of $100,000.

—H. A. Williams, assistant cashier of the National Bank of Virginia, Richmond, Va.,

has resigned, to give his entire time to his private business. Mr. Williams has extensive farming interests in Tidewater that require personal attention.

Mr. Williams was cashier of the Bank of Richmond before its consolidation with the National Bank of Virginia, and was retained as an assistant.

As there are several assistant cashiers in the National Bank of Virginia, no one will be appointed to fill the vacancy caused by the resignation of Mr. Williams.

—Under the name of the Sullivan Bank and Trust Company, a new banking institution began business in Montgomery, Ala., on October 3. The institution is owned and controlled by Martin H. Sullivan of New Orleans and Pensacola; his son, Russell Sullivan, and John P. Kohn and Frank D. Kohn of Montgomery. The officials are: John P. Kohn, president; Frank D. Kohn, vice-president, and Russell Sullivan, cashier. The company reports a paid-in capital of $100,000.

—H. N. Tinker, who recently resigned as president of the Bankers' Trust Company of Houston, Tex., has leased the quarters and the fixtures at 210 Main street, formerly used by the American National Bank of Houston, and has opened up for business as a private banker. He will conduct a general investment business, looking after insurance, banking, collections, real estate, rentals, loans, stocks and bonds, land titles, appraisements and vendor's lien notes.

Mr. Tinker, prior to his connection with

H. N. TINKER
Banker and Broker, Houston, Texas

the Bankers' Trust Company, was vice-president of the Union Bank and Trust Company.

—H. M. Wilkins has been made assistant cashier of the Lumberman's National Bank of Houston, Tex. Increased business made it necessary for the bank to have the third assistant cashier.

MIDDLE STATES

—Organization of the National Currency Association of the City of Chicago was completed October 14, at a meeting of representatives of eleven of the national banks. The certificate of organization was filed with William Boldenweck, assistant treasurer, who was present at the meeting as the representative of Secretary of the Treasury MacVeagh.

The officers of the association are: President, George M. Reynolds; vice-president, David R. Forgan; secretary, William A. Heath; treasurer, William A. Tilden; ex-

ecutive committee, Ernest A. Hamill, James B. Forgan, John A. Lynch, George M. Reynolds and D. R. Forgan; membership committee, Ernest A. Hamill, James B. Forgan, John A. Lynch, George M. Reynolds and William A. Heath.

The banks represented at the meeting and their representatives were as follows: Continental and Commercial National, Alexander Robertson, vice-president; Corn Exchange National, B. C. Sammons, vice-president; Drovers' Deposit National, John Fletcher, vice-president; First National, Frank O. Wetmore, vice-president; First National of Englewood, J. J. Nichols, president; Fort Dearborn National, William A. Tilden, president; LaSalle Street National, William Lorimer, president; Live Stock Exchange National, William A. Heath, president; National Bank of the Republic, William T. Fenton, vice-president; National City, David R. Forgan, president; National Produce, Edwin L. Wagner, president.

The officers chosen were nominated by a committee appointed at a meeting some time ago and including F. O. Wetmore, W. T. Fenton and B. C. Sammons. Naturally the principal officers are representatives of the largest national banks in the city. The association was formed at the earnest solicitation of Secretary MacVeagh, not that he expected the situation would require the issue of emergency currency, such as the association is empowered to put out, but because he believed the organization of such associations in New York, Chicago and other cities would tend to strengthen confidence in the general financial position of the country.

—The following new members have been added to the directorate of the Harris Safe Deposit Company of Chicago: W. M. Pelouse, Robert M. Wells, G. P. Hoover and N. C. Kingsbury. The issuance of $375,000 of additional capital stock has been ordered by the stockholders, making the total outstanding amount of $1,625,000. The authorized capital was recently increased from $1,250,000 to $2,000,000. The directors have declared the regular dividend of three per cent., payable October 1.

—Charles S. Castle, president of the Standard Trust and Savings Bank of Chicago, announced October 6 that the deposits of the institution had passed $1,000,000. The amount contains no public funds and no reciprocal deposits. The bank was a month old on that date.

—John T. Shaw has been elected president of the First National Bank of Detroit, Mich., succeeding Morris L. Williams, deceased. Prior to the consolidation of the First National and Commercial National Banks in 1908, Mr. Shaw was president of the First; in the enlarged bank he became first vice-president; Mr. Williams, who had been head of the Commercial, becoming president of the consolidated bank.

—The national banks of Detroit, Mich., and other cities have, under the provisions of the Aldrich law, formed the National Currency Association of Detroit. Those comprising the association are the four national banks of Detroit, two of Saginaw, two of Lansing, one each in Ypsilanti, Ann Arbor, Bay City, Lapeer, Flint, Romeo and Port Huron. The officers of the association are: John T. Shaw, vice-president of the First National of Detroit, president;

Alexander McPherson, president of the Old Detroit National, vice-president; Richard P. Joy, president of the National Bank of Commerce, secretary and treasurer. The executive committee is as follows: B. F. Davis, president of the City National of Lansing; George B. Moreley, president of the Second National of Saginaw; H. G. Barnum, president of the First National Exchange Bank of Port Huron, and James N. Wright, president of the American Exchange National of Detroit.

—A very good reproduction of the new building just completed by the Citizens' State Bank of Sheboygan, Wis., is published here. The structure has been designed for the bank's exclusive occupation and a great deal of expensive material has gone into its construction. The main banking room has

Citizens State Bank of Sheboygan, Wis.

a ceiling twenty-six feet high and is finished in mahogany and marble. Screen work is of bronze and the floor of gray marble. Contained in the building are rooms for customers and a specially appointed ladies' apartment. The directors have a beautiful room finished in stained oak and furnished in the same material.

Modern vaults have been built on the main floor opposite the entrance to the banking room. They contain boxes for renting purposes and also supply the security for the bank's own papers and cash.

The Citizens' State Bank of Sheboygan, Wis., was organized in 1896. On July 1, 1907, the present management came into control. Since that time the capital stock has been increased from $50,000 to $100,000, the surplus from $2,000 to $30,000, the deposits from $200,000 to $575,000, and total resources from $250,000 to $700,000. Since moving into its new building six months ago the deposits have increased over twenty-five per cent. The president is Henry Jung, who is also president of the Jung Shoe Company and one of the leading manufacturers of Sheboygan. J. W. Hansen is cashier and the active head of the bank. He came to the institution three years ago from the First National Bank of Portage, Wis., where he had been cashier for several years.

—J. E. Burmister, formerly cashier, has been elected president of the Iowa National Bank of Davenport, Ia., to succeed the late A. P. Doe. F. B. Yetter, formerly assistant cashier, has been made cashier.

—J. D. Dana has been elected treasurer of the Commonwealth Trust Company of St. Louis and in the future will devote his entire attention to the conduct of his office at Broadway and Olive street. Mr. Dana has been in St. Louis since 1905, when he engaged in business with Rolla Wells and Edward F. Goltra as secretary and treasurer of the Missouri Iron Company. He was also made president of the West End Light and Power Company, which was organized as a competitor to the Union Electric Company, with which company litigation is yet pending in the courts. He was also at the head of the St. Louis Gas Light, Heat and Power Company, that proposed supplying St. Louis with natural gas from the Oklahoma fields.

—The Commercial National Bank of Waterloo, Ia., is capitalized for $200,000

Commercial National Bank, Waterloo. Iowa

and has a surplus of $50,000. It recently reported deposits of $1,988,900.

—The last official statement distributed by the Black Hawk National Bank of Waterloo, Ia., places the deposits at $1,066,744 and the resources $1,428,383. This institution has adopted for its slogan the phrase, "The Bank of Stability and Progress."

—Our last issue contained mention of the very good report of the Mercantile Trust Company of St. Louis. But in quoting the figures we stated that the deposits were $5,747,623, and the total resources, $8,417,-926. These figures were taken unintentionally from the statement of the Mer-

cantile National Bank. On the date of the last call the Mercantile Trust Company reported total deposits of $22,687,919 and total resources of $32,415,445.

—From the "Old Reliable" Leavitt & Johnson National Bank of Waterloo, Ia., comes a statement of conditions that shows the institution to be capitalized for $200,000 and to have deposits of $1,308,064.

—The Park Junction Bank in Kansas City, Kan., is to be known in the future as "The Night and Day Bank of Kansas City." The bank, now four years old, has been reorganized under the new name and has moved from Fifth street and Virginia avenue to new quarters at Fifth street and Minnesota avenue. It will be open from 8 o'clock in the morning to 9 o'clock at night five days of the week, and Saturday the closing hour will be 10 o'clock at night. The officers are: J. M. McDonald, president; J. W. Yardley, vice-president, and E. G. Wolf, cashier.

—James B. Brown, president of the First National Bank of Louisville, Ky., and other officials of the institution, recently held an informal reception at the new quarters of the bank in the Kentucky Title building at Fifth street and Court place. The reception was attended largely by leading business men, who regarded the move as of especial interest on account of the fact that the First National is breaking away from traditions by leaving Main street and the wholesale center.

The First National is the oldest national bank south of the Ohio River. It was made a national institution during the Civil War, and was a government depository during that period. It was the successor of the Jefferson Savings Institute, and has always been located on Main street. The present location is only temporary, however, as plans are being made for the erection of a handsome fifteen-story building at Fifth and Jefferson streets, and the first floor of this is to be occupied by the First National.

—The Fidelity Trust Company of Louisville, Ky., has received a check for $10,000 from the Guarantee Company of North America of Montreal, in payment of the full amount of its bonds of suretyship on August Ropke, ex-secretary and bookkeeper, who recently defaulted for over $1,400,000.

WESTERN STATES

—The Oklahoma Stock Yards National Bank, with a paid-up capital of $250,000 and a surplus of $25,000, was organized at

Oklahoma City, September 24, and has opened for business at the Oklahoma Stock Yards in what is said to be one of the finest banking rooms of the South. Officers elected were as follows: T. P. Martin, Jr., president; E. F. Bisbee, vice-president; R. J. Robb, cashier.

The president of this bank is a former Texas boy, who came to Oklahoma about ten years ago with a few dollars and much determination, and who has made a success in every venture he has so far undertaken. He was secretary of Group I, Oklahoma Bankers' Association, for several years, and now stands as president of that organization also, although having removed from the jurisdiction of the Group.

—The Conrad Trust and Savings Bank, the latest banking institution in Helena, Mont., has thrown open its doors for business. The president of the bank is W. G. Conrad, ex-president of the Montana Bankers' Association and widely known throughout the State. The other officers are: J. H. Longmaid, vice-president; P. B. Bartley, cashier; C. R. Clarke, assistant cashier; A. D. Prouty, secretary. In addition to a savings department, the bank will do a general commercial banking business.

—H. L. Pittock, connected with the Oregonian for the past fifty years, and vice-president of the Portland Trust Company of Oregon since the spring of 1887, has been elected to fill the vacancy caused by the death of the late president of that institution, Benjamin I. Cohen. B. Lee Paget, secretary of the company, said in regard to the action of the directors: "The election of Mr. Pittock will add greatly to the prestige of the bank, because of his well-known reputation as a financier and business man."

The last official statement of this, the oldest trust company in Oregon, issued September 1, 1910, shows a capital stock paid in of $300,000, a surplus fund of $54,-000; loans, $1,427,298.62; cash and exchange, $391,873.65, and totals of $1,990,172.27. The officers are: H. L. Pittock, president; N. U. Carpenter, vice-president; A. S. Nichols, vice-president; B. Lee Paget, secretary; C. W. De Graff, assistant secretary; A. L. Fraley, assistant secretary, and Harriet E. Moorehouse, superintendent woman's department.

—At a recent meeting of the board of directors of the City National Bank of Omaha, Neb., John A. Miller, president of the Citizens National Bank of Mt. Sterling. O., was elected cashier of the bank. He is a man of ability and in addition to seventeen years' experience in the banking business has been connected with large manufacturing interests in the East and South in an executive capacity. Mr. Miller is a member of the executive council of the Ohio Bankers' Association and has a large acquaintance with eastern as well as western bankers.

The City National Bank is about to move into a new building.

—A new bank is being organized at Fargo, N. D., to be known as the Scandinavian-American Bank of Fargo. It will have $50,000 capital. The list of stockholders is

a long one and contains the names of all Scandinavians of prominence in and near Fargo. The directors are as follows: R. O. Belland, H. A. Hagen, N. C. Eggan, Prof. H. Aaker, Attorney B. G. Teneson, M. A. Hagen, Lars Christianson, Judge Edward Engrud, Emil J. Headland, and H. A. Hagen is the president. He has been connected with the banking institutions of North Dakota for the last twenty years and is interested in several banks at this time. They have secured as a location one of the prominent corners of the city.

PACIFIC STATES

—Senator R. C. McCroskey, perhaps the most successful farmer in Whitman County, Wash., now president of the Pullman State Bank of Pullman, Wash., has purchased a large interest in the National Bank of Palouse, Wash., which was organized about one year ago. Mr. McCroskey has been elected a member of the board of directors and also vice-president.

—Stockholders of the First National Bank of Los Angeles have voted to increase the capitalization of their institution $250,-000, making it $1,500,000. When the subscriptions have all been paid in, another formal action will be taken for the increase of the capital of the Los Angeles Trust and Savings Bank, which is owned by the First National.

—At the meeting of the board of directors of the Scandinavian-American Bank of Seattle, Knute Ekman, who recently came West from Minneapolis, was elected vice-president. Mr. Ekman was cashier of the Scandinavian-American National of Minneapolis until about a year ago, when he came West to investigate conditions on the coast. He was assistant cashier of the Swedish-American Bank prior to the organization of the Scandinavian-American Bank of Minneapolis.

—The Bank of Italy in San Francisco has purchased the assets of the Bank of San Francisco and Mechanics Savings Bank and within a few weeks will open a Market street branch of the Bank of Italy in the premises at Market and Mason streets, now occupied by the Mechanics Savings Bank. In these quarters will be assembled the banking and safe deposit business of the Bank of San Francisco, now being conducted at Market and Seventh streets (together with the Polk street branch); the banking and safe deposit business of the Mechanics Savings Bank and the business of the present Mission street branch of the Bank of Italy.

The plan contemplates the increase of the capital of the Bank of Italy from $750,-000 to $1,000,000. The officials will remain the same, with the exception that George F. Lyon, vice-president of the Mechanics Savings Bank, will become vice-president and a director of the Bank of Italy. W. Frank Pierce, president of the Bank of San Francisco, will also affiliate with the Bank of Italy.

—John Clausen has been appointed manager of the foreign exchange department of the Crocker National Bank, San Francisco.

CANADA

—Following the death of F. X. St. Charles, president of the Banque d'Hochelaga, head office, Montreal, the Hon. J. D. Rolland becomes his successor. The thirty-fifth annual report of the bank discloses an authorized capital of $4,000,000, a capital paid up of $2,500,000, a reserve fund of $2,300,000, and total assets of over $2,300,-000.

—The latest intelligence from Nome, Alaska, reports the consolidation of the Nome Bank and Trust Company and the Miners and Merchants' Bank of Alaska, with a combined capital of $235,000. The names of the new officials have not been given out, but those of the first of the above institutions were: R. D. Adams, president; Felix Brown, vice-president, and A. E. Todd, manager. And those of the other: J. E. Chilberg, president, J. S. Kimball, vice-president; W. L. Collier, manager; C. G. Cowden, cashier. And it is from among these that the new executives will be chosen.

DETROIT ENTERS THE ADVERTISING FIELD

WE have received a copy of the first number of the "Bulletin of the Detroit Board of Commerce" which will be published monthly in the interest of that city.

That Detroit has entered the list of advertising cities is, no doubt, largely due to the personal efforts of the editor of the Bulletin, Mr. E. St. Elmo Lewis, the well-known advertising manager of the Burroughs Adding Machine Company, and president of the National Association of Advertising managers, who together with four of the advertising managers of Detroit concerns, constitute the publicity committee of the board.

Mr. Lewis has addressed many commercial bodies over the country on this hobby of his and his influence has been potent in the establishment by many of these bodies of publicity boards which have accomplished much good for their respective municipalities.

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FOURTH YEAR DECEMBER, 1910 VOLUME LXXXI, NO. 6

A CENTRAL BANK WITH BRANCHES, OR A SYSTEM OF REAL RESERVE BANKS—WHICH WOULD BEST SUIT OUR NEEDS AND CONDITIONS?

WHILE we believe that the root of our banking and currency difficulties is to be found in inflation of the paper currency and in the inflation of bank credit, and that there will be no permanent or adequate improvement until this fact is recognized and effectually dealt with, we realize fully, and have pointed out for many years, that the question of bank reserves is hardly less important, and that our banking machinery, and our reserve banks especially, should be overhauled and made to fit the needs of the times.

Two or three ways of doing this have been suggested:

First, by a central bank of issue, modeled to some extent on the great European institutions.

Second, by some form of district association among the banks, resulting in more or less centralization of authority.

Third, this MAGAZINE has suggested that the existing reserve banks be improved so that they might be equipped to fulfill the real functions of reserve institutions.

Probably all who have given thought to these proposals would readily concede that if an institution like the Bank of France could be established and maintained in this country, and provided it would be as efficient here as the French institution has been in that country, no better solution of our banking problem could be found.

It may be that this result is attainable, but there are some good grounds for doubt.

In the present state of opinion with regard to currency and banking matters, could a charter be obtained for a central bank with anything like the powers such an institution should have if it is really to be an efficient aid to commerce and industry?

That this is a real difficulty may easily be ascertained by the disclaimers put forth by those who propose a central bank. They tell you invariably that they do not mean to have an institution like the great central banks of Europe. What they propose is "a modified central bank," or "a central bank of limited scope," etc., etc. This hedging indicates a proper conception of the rough road the central bank will have to travel.

The probabilities are that if a charter for a central bank can be obtained at all, it will be shorn of several of the privileges essential to its effectual working. This will follow in conformity to political prejudices and to the hostility arising from jealousy on the part of the existing banks.

And even could a satisfactory charter be obtained, what guaranty have we that it will outlast the short life of a single Administration?

No student of American banking history can have failed to note the ease with which successful political attacks can be stirred up against the banks.

Let us suppose that the session of Congress that has recently convened should pass a bill for the chartering of a central bank, and that President Taft should sign it. After March 4 there will be an important change in the political complexion of Congress, the House becoming Democratic and the Senate at least "insurgent."

Does anybody suppose that under these changed political conditions the new bank would escape attack? Why, the Democratic majority would no doubt consider it a bounden duty to destroy an institution set up by its rival "as a means of perpetuating plutocracy." Should the Senate take a similar view, and pass a bill repealing the bank's charter, President Taft would no doubt veto the bill, but nevertheless great harm would have been done the new bank by the attack upon it, and the possibility of more success next time.

The national banks are free from these attacks, because there are so many of them, with widespread local connections.

But a single big bank will almost certainly encounter them.

Furthermore, no one knows exactly how a central bank would work here, even could it be established under the most favorable conditions.

The extent of our territory is vastly greater than that of most of the European countries having central banks.

Besides, the central banks of Europe, within the borders of their own country, have to deal with a few hundred banks at most. Here there are nearly 25,000 independent banks.

Nor are the habits of business men, and of the banks, like those in Europe, and even the commercial paper upon which the banking business depends is not like that the European banks are accustomed to handle.

Notwithstanding all these difficulties, however, which are real and not imaginary—a central bank might be established and might work with a considerable degree of success.

It is a grave question, however, and one which the advocates of a central bank should carefully consider, whether it is wise to run the risk of the dangers we have indicated. Banking and credit operations are extremely sensitive to attack, even to the possibility of it. A central bank once established and in operation would soon assume tremendous importance in the economic life of the nation. Successful political attack upon it, or the threat of it, could not fail to be disastrous to the business interests of the country.

It would be an ill beginning of the work for bettering our banking machinery by setting up a big machine liable to be smashed at the first opportunity, with immeasurable damage to banking and to business generally.

If a central bank, for the reasons stated, would become a menace to business stability, we should deliberate very carefully before seeking to establish such an institution here, however successful it may have been on foreign soil.

The second plan of banking reform, mentioned at the commencement of this article, seeks to gain the desired cohesion of our disjointed banking units by an organization of some kind that would unite the banks of each district for their common welfare and protection.

A union of this character seems highly desirable, and that it would accomplish tremendous good if formed and conducted on the right lines, can hardly be questioned.

Is it practicable? We do not know. This much may be said. The intense individualism of the banks appears to be giving way to a considerable extent in favor of closer coöperation. This has

been due in part to the necessities of the situation as emphasized in the panics of 1893 and 1907. It has been due, also, very largely to the more intimate association of bankers in their national and State associations, breaking down many of the traditions and prejudices of the past.

Bankers are working together now for their common good as they never were working before.

If a practicable method of coöperation could be devised, democratic in form, that would centralize banking authority for laudable purposes, the weaknesses of our whole banking system might soon be rendered harmless.

But while admitting that the central bank plan and the plan of district organization both contain many excellent possibilities, it will be seen that the adoption of either plan involves the creation of a new piece of machinery with which the bankers of the present day are not familiar.

They may, in time, be willing to adopt this new machinery; but that they will do so in the near future, may well be questioned.

Should this view prove correct, does any way yet remain open for remedying the weaknesses of our banking system?

We believe the answer must be decidedly in the affirmative.

What are the weaknesses referred to? It would require too much space to discuss them all, but a few of the more obvious may be pointed out.

1.—Lack of adequate capital equipment, especially upon the part of the reserve banks.

2.—The absence of any institutions properly fitted to perform reserve functions.

3.—Lack of coöperation among the banks.

The want of sufficient capital on the part of most of the banks is one of the greatest sources of banking inflation. Banks are creating credits out of all proportion to their means of making these credits good. A study of the Reports of the Comptroller of the Currency, showing the relative ratio of deposits to capital for a series of years, will establish the truth of this assertion. We have seen the statement of a bank (of course, not a national bank) whose capital was $5,000 and deposits $140,000!

A mere increase of capital, however, would not be wholly effectual, although it would do some good. But it is necessary that, whatever their capital may be, the banks should limit their deposit liabilities to some conservative ratio of capital. If they will not do this voluntarily, legislation may be necessary, and some States have already limited the deposit liability to a certain proportion of capital.

This tendency to multiply credit obligations without much regard to capital is not confined to our banks. The banks of Great Britain have been criticised recently by no less an authority than Sir R. H. Inglis Palgrave for a similar tendency.

But if this inadequacy of capital in proportion to deposit liabilities works harm among the smaller banks, it is a source of far more serious weakness with the reserve banks.

The capital of nearly every one of our reserve banks is pitifully inadequate.

Reserve banks, by the very magnitude of their credit obligations, the payment of which may be demanded at any moment, ought to have a very large capital. It is incumbent upon them also to hold heavier reserves than are required of other banks. This they can not well do without adequate capital.

Taking up the second obvious defect in our banking system—the lack of any banks properly equipped for performing reserve functions, we come upon what seems to us one of the things of greatest importance.

With the experiences of 1893 and

1907 so fresh in our minds, no one would claim that the reserve banks of the country are properly fulfilling their functions.

The reserve banks made a heroic struggle in both these crises, and did all they could to relieve the situation, but they broke down under the strain and had to suspend payment to a considerable extent.

It is unnecessary to dwell upon the weaknesses of the reserve banks. That they are actual and not imaginary every banker in the country knows by experience.

To make the reserve banks what they should be, their capital and reserve must be largely increased. They must have the power, under proper regulations, to employ their credit in the form of note issues, and a way must be found to disentangle the reserve banks from the uncertainties of the stock market and make them what their name implies—a reserve of strength to the entire banking and commercial system of the country.

And it must never be forgotten that a wise use of reserve power implies the ability to check expansion, and to hold in abeyance a lending capacity, whether in the form of notes or other credits, for use in time of need.

As the final obvious defect in our banking system, we have mentioned lack of coöperation among the banks. This has been discussed at some length already, and little remains to be said in regard to it. But whether we have a central bank, or a system of reserve banks, this coöperation is essential to the safety of our banking system. The banks must pull together and not against each other.

To double or treble the present capital requirements of the reserve banks, and to double their reserves, would seem to be the immediate duty of Congress.

The reserve city banks should also be required to hold all their reserves in their own vaults.

Reserve banks, under proper regulations, should be authorized to issue credit notes.

The reserve banks should be regulated by legislation so as to get them out of the stock market.

To compensate the reserve banks for keeping larger reserves, some concessions should be made to them, in the form of reduced taxation or otherwise.

These suggestions call for absolutely no new banking machinery. They simply require that the existing banks be properly equipped to perform the functions that reserve banks must perform if we are to escape a repetition of the disasters of 1893 and 1907.

This would not be setting up a special privileged class of banks. The necessary amendments to the National Banking Act for carrying these proposals into effect would, of course, apply to all banks in the central reserve and reserve cities.

Nor need these changes seriously interfere with existing banking relations, for if thought preferable, the increased capital requirements could be limited *to banks that desire to carry reserve accounts*. Other banks in the reserve and central reserve cities might retain their present capital, if they desired to do so.

We have said elsewhere that, in our opinion, inflation of currency and credit was the chief cause of our present banking and financial difficulties.

Inflation of the currency may be stopped by the discontinuance of the issue of bond-secured bank notes. We already have $700,000,000 of this form of Government paper money, not based upon coin, but upon the public debt. Such bank notes as are required hereafter should be supported by a coin reserve of one-half or one-third, and subject to daily commercial redemption.

The improvements in our banking machinery suggested above call for very

slight modifications of the present Banking Law. They do not require the creation of a central bank or anything else new to our present banking system. They can be carried out by taking the existing banks just as they are, and by very slight changes in the National Banking Act adapting these banks to perform the duties they must fulfill if the banking and commercial structure is to be saved from going through experiences like those of 1893 and 1907.

The feasibility and practicability of a central bank may well be challenged.

Will anybody deny that our reserve banks can be, and ought to be, adequately equipped to perform the functions reserve banks should perform?

Were they so equipped, is there any doubt about their ability to meet our peculiar banking and financial needs equally well as a central bank could do?

THE SOIL AS A BANK

REFERENCE was made recently to the highly valuable work being carried on by the State bankers' associations of the country. It was stated also that many of the valuable papers and addresses presented at the conventions of these association did not deal with purely banking matters, but included topics of wide general interest to the community, and concerned bankers only as a part of the community. An excellent example of a paper of this character is found in an address before Group Four of the Illinois Bankers' Association by Professor Cyril G. Hopkins of the University of Illinois. His subject was, "The Soil as a Bank."

Many misguided persons have used the soil as a bank in which to bury their money for safe-keeping. And despite the growth in the number of banks and the greater safety afforded by them in caring for money and valuables, many persons yet continue to use the soil as a bank.

Of course, it was not to a use of this character that Professor Hopkins referred in his address on "The Soil as a Bank." He dealt with the subject of agriculture as affected by present-day farming methods, and began by saying:

"I could not give you any better illustration regarding the soil and its function than to consider the soil as a bank in which we may have a fair bank account and can withdraw from it only a small percentage each year of what it contains."

Now, we believe that Professor Hopkins is entirely right in saying that the average farmer thinks quite too much of what he can get out of the land, and far too little of what he must put into it. To quote:

"At the present time, I think there is a bill before the United States Congress asking for a bond issue of $20,000,000 for extending the irrigation projects in the West. It is in harmony with the whole movement in this country—exploitation. That is the factor we have worked in the United States. If there is any land anywhere, let us exploit it and get out of it what is in it. This is what the American calls 'development.' But do you suppose you could get a bond issue of $20,000,000 passed for the restoration of the fertility of millions of acres of abandoned land around Washington and all along the Atlantic coast? Why not? All that those lands need is to put back into the soil the stuff out of which our crops are made.

* * * * * *

"Not all farmers and landowners have trained minds, you know. They are trained on other lines. They know the art of agriculture, but do you know what the art of agriculture consists of?

It consists in working the land for all that is in it. That is American agriculture. Working the land for all there is in it. And when it is worked out, go and get some more land. Take in land somewhere. 'Go West, young man.' "

But the advice, "Go West, young man," does not now have the meaning that it did in Greeley's time. The "West" in that sense no longer exists. There are no more large bodies of fertile watered land waiting only to be tickled with the plow to yield abundant stores of grain.

As the consumption of food stuff in this country now equals ninety per cent. of our production, and with the population increasing relatively much faster than the production of food supplies, Professor Hopkins does not exaggerate when he states that the maintenance of the productive power of our land is the most fundamental problem that confronts the American people.

The grains and grasses grown on the farms, and which, of course, comprise the principal materials for fattening the cattle, hogs and sheep that make up so important a part of our food products, require certain chemical elements for their vitality. These elements, in large part, exist in the soil itself and some of them in practically inexhaustible quantities. Others must be supplied by crop rotation or by the use of artificial fertilizers. Professor Hopkins says that some of the Illinois farmers, and we suppose the same might be said of the farmers of other States, "take 120 pounds of nitrogen out in a crop of corn, then they grow another crop of corn and take out 100 pounds more, and then they take out fifty pounds in a crop of oats of this element of nitrogen, and then they grow a little clover and plow it under next spring and add twenty pounds of nitrogen, and then they come back and repeat their rotation; and they wonder after awhile why their land gets less productive." In other words, they are trying to withdraw from their "bank"—the soil—more than they are willing to put into it.

The result of a policy of this character has been seen in certain parts of the Atlantic seaboard, where much of the soil has become unproductive through exhaustion of the plant-sustaining elements and many farms have been abandoned. France, a country of much older civilization, keeps up the productivity of its soil through a scientific system of fertilization.

How wasteful our present policy is may be learned from what Professor Hopkins says in regard to our treatment of phosphate rock:

"The average of five of the most extensive types of soil in Illinois shows 1,050 pounds of phosphorus in two million pounds of surface soil, which represents an acre of land seven inches deep. And a one hundred bushel crop of corn takes twenty-three pounds of phosphorus out of the land. Why should we not know those quantitative facts?

"At the present time we are exporting from this country more than a million tons of the highest-grade phosphate rock that we have, more than a million tons of a material that contains the only element of plant food that we have ever got to buy in Illinois. We are shipping it out of the United States, and what do we get for it? We get less than five million dollars at the mines, and if applied to our own soils, it would be worth to us and to our children not five millions, but a thousand million dollars for the production of wheat to feed our own people in the oncoming generation of Americans." * * *

"I do not know that you ever have thought of the fact that Tennessee is only thirty-five miles from Illinois; and yet we are shipping from west central Tennessee, within 150 miles of Illinois, our best phosphate one thousand miles to the Atlantic, three thousand miles

across the water and carrying it hundreds of miles inland for the improvement of European soil."

Taking out of the soil more of the elements of plant life than are put back will result, wherever the soil itself does not contain these elements in sufficient quantities, in impoverishment of the soil, and ultimately in individual and national poverty.

No doubt the lessening of our farm products in proportion to population has been due to some extent to the drift from the farms citywards, but it has also been due to this impoverishment of the soil to which Professor HOPKINS so strikingly invites our attention.

This is a problem that concerns every business man, and it concerns bankers especially, for the solvency of their institutions in many instances must be dependent upon the continued prosperity of American agriculture.

It seems to us that to the consideration of problems like this the bankers may address themselves with great practical benefit to themselves and to the whole people.

USING THE PUBLIC FUNDS FOR THE CENTRAL BANK PROPAGANDA

FORTUNATE are those individuals who can propagate their theories of reform at the public expense.

The central bank scheme, which until a year or so ago was discussed only by college professors and other doctrinaires, and was really regarded as a corpse whom no one thought necessary to attack, suddenly showed signs of life, and finally sprang to its feet with some show of vitality. Whence came the animating force? We do not know. One of the friends of a central bank said that if he had a hundred thousand dollars he could carry the scheme through. Was this modest sum raised? If so, who contributed it? The scholars and financial doctrinaires who are never known to give up anything except advice as to how the banking and financial systems of the country should be conducted? Or was it those wealthy, benevolent, philanthropic gentlemen who are to be the principal owners of the central bank's stock, and to be satisfied with a return of four per cent. on their investment, taking their real profits on the side by the manipulation of the vast sums of money the little country banks will pour into the central bank's maw?

Whoever made the initial contributions to start the central bank campaign, they were soon relieved of the painful necessity of giving up cash for a cause so dear to their hearts.

With the disinterestedness that characterizes all their actions, they kindly shifted this responsibility over to the broad shoulders of "Uncle Sam," the gentleman of the long whiskers, who is entirely too ingenuous ever to suspect how he is being worked by the philanthropic gentlemen of Wall Street.

As soon as the Monetary Commission began to issue its fulminations showing us the beauties of the European banking systems, it at once became apparent to the observant what a clever and cunning scheme had been devised to educate the country in favor of a central bank, with the Government footing the bills for carrying on this educational campaign.

The publications of the Monetary Commission are cleverly and cunningly devised to bolster up the central bank scheme. This renders them practically worthless from a purely scientific standpoint. The authors of the several volumes simply attempt to prove what they already believe. And even the investigations, though having about them an air of candor and disinterestedness,

really are cleverly-arranged devices for bringing out facts favorable to the central bank scheme.

It is entirely legitimate for anybody to print and publish his views in favor of a central bank, if he is willing to pay for such literature, or if he can persuade the friends of the central bank scheme to contribute their funds for the enlightenment of the public.

But it is not legitimate for the funds of the Treasury to be thus expended, and we hope that a stop will soon be put to this misuse of the people's money.

FASTENING THE GREENBACKS PERMANENTLY UPON THE COUNTRY

ANNOUNCEMENT was made recently of the purpose of the Secretary of the Treasury to split the greenbacks up into denominations of one and two dollars, the bulk of these bills now outstanding being in denominations of five and ten dollars.

The justification for this step may be sought in the real or supposed demand for more small bills. But it looks very much like an attempt to fasten the greenbacks permanently upon the country's circulation—a device to avoid dealing squarely with this troublesome element in the currency when the Monetary Commission's central bank scheme comes out. Possibly, this putting of the greenbacks into small denominations represents a fear upon the part of the Government that these notes may again become a menace to the Treasury, and it is better to have them cut up in small pieces and absorbed in the general circulation than to leave them in large denominations easily available for withdrawing gold from the Treasury's stock. This policy may prove well enough, providing the whole mass of silver certificates now in hand-to-hand circulation should not prove redundant and begin to press upon the gold reserve when the greenbacks once enter into competition with the silver certificates as a circulating medium in the channels of retail trade.

Very little water poured into a cup already almost full will cause it to overflow. And very few greenbacks thrown into the channels of a circulation verging on redundancy may cause trouble. Perhaps Secretary MacVeagh may be able to change the denominations so gradually as to avoid this.

As was shown in the crisis of 1893, the greenbacks contain potent elements of danger. They are unlike a gold certificate which, when once redeemed, is not paid out again until an equivalent amount of gold is received, and they are not backed by 100 per cent. of gold, as are the gold certificates.

At present, owing to the large increase of gold in the Treasury and in general circulation, the greenbacks are far less of a menace than they were in 1893, although even now they are not without mischievous possibilities. But they are an anomaly in our currency. They are no longer necessary, and should either be disposed of altogether or converted into gold certificates.

Of course, the Secretary of the Treasury is not responsible for the continued existence of the greenbacks as a part of the country's circulation. The law does not permit him to reduce the present volume of these notes. Doubtless, in changing a portion of the greenbacks into smaller denominations, he has acted from a sense of public duty, in the light of experience. But it may be considered unfortunate that a policy has been adopted which would seem to fasten the greenbacks permanently upon the paper circulation of the United States.

BANK ATMOSPHERE

By Herbert G. Stockwell

A MAN stood on the steps of a bank waiting for a friend with whom he had an engagement. Looking towards the bank he saw in large gold letters and figures on the window, "Capital $500,000, Surplus $500,000, United States Depository." This sign could be seen plainly across the street, and, in fact, could hardly have escaped the attention of any one glancing in the direction of the bank for some distance up and down the street.

Among the people passing in and out of the bank's front door he recognized some friends whom he knew might have used a bank nearer to their several places of business, and he wondered why they had come, some actually past their nearby bank, to deposit their money in this one.

On the street at the same moment, he noticed other men passing by the bank, and he knew that they were doing business with banks further away.

Why do men travel squares—yes, even miles, away from one bank to deposit their money in another? Perhaps this running about is desirable but it would be interesting to know who is benefited.

Human reasoning of the average man is not scientifically conducted. We are all affected more than we know, by the little things of life; so many different causes, big and little, can easily be assigned to a man's selection of a bank; some purely accidental, while others no doubt are the results of careful thought and premeditated action.

A Question of Atmosphere.

All banks suffer in popularity to a greater or less degree through the unnatural, not to say uncanny, mystery surrounding the business itself. An atmosphere more or less agreeable is associated with every bank. To the quality of the *atmosphere permeating the bank,* outside and inside, may be attributed a large proportion, at least in number, of its deposits.

The outside appearance of many banking houses has more of the appearance of a jail than that of any other recognized type of structure. Money must be safely guarded. Superfluous bolt and bar does not add to the security, yet it does detract from the attractiveness of the place in which we must do business.

Men of large business and affairs are not affected by the appearance of a bank or its atmosphere to the same extent as are the men or women of average business or means. The important business men possess a force of their own which counteracts and sometimes entirely overcomes the effect of the bank mystery.

When such a state of mind is reached the business man knows that the bank officers are living, breathing human beings, whose character, habits, impulses and brains are similar to those of men in any other calling in life.

But the man of small affairs does not so often or so readily come into close personal relation with the officers of the bank. When he goes in the banking room to deposit his money or cash a check, his eyes are filled with the cage-like appearance of everything. Clerks are working in steel cages, and they peek out at him through tiny windows, sometimes with a word, but more often without—and sometimes the word is not too pleasantly spoken. The atmosphere is different from that of other business places.

The Prison Aspect.

When you go into a store to purchase anything, you see the wares piled up on shelves and in cases. You are invited to look at and feel of them. You can see the business as it goes on and can realize that when you buy an article of merchandise, the merchant is collecting

from you something more than the cost to him. The object of the business and the means by which a profit is created are obvious to anyone; everything is familiar, and we have no uneasiness; but how a bank makes money cannot be so readily discovered from the outside of the steel-grated counters. Of course, money must be well protected from burglar raids, but we cannot help feeling that if banks looked less like prisons, we would be more cheerful while inside.

As mist from the sea is dispelled by the sun so is this unnatural atmosphere of the bank melted and dissolved by the big-hearted officials of the bank when you have come into close association with them. Once you have gained their confidence and friendship, the bank takes on an entirely different aspect. You see it in another light!

It would be good for business men if they could get better acquainted with bank men. Nothing would so quickly dissipate the last vestige of unfounded mistrust if the bank man and the merchant, on opposite sides of the counter, could temporarily exchange places. What a change in the spectacles of both! The blur would fade away and each would see the other's good qualities,—and handicaps.

Many modern bank officers fully realize the presence of the stiffness in the air of a bank, and use every means to overcome it. Not only do they treat all people coming into the bank with the utmost courtesy, but they try to get their clerks to follow the good example.

It is very difficult for some bank men and clerks to see the occupation in which they are engaged in its right light. Traditionally the bank is sought by customers rather than customers by the bank. It is within the province of the bank officer to accept or decline business. This attitude toward the public unconsciously affects the mental condition of the banker. Never having been obliged to seek business, he has not been trained in the art of ingratiating himself with customers. Some bank men overcome this quite natural tendency, while others never learn to look upon a man entering the bank as any other than a supplicant.

Promoting the Neighborhood Idea.

In speaking of a bank man as one who has not been trained in seeking business, we must not overlook the tendency in banking circles at the present time to cultivate business getting means —such as they know them. Some of the advertisements now appearing in daily papers are very different from the ordinary card which has heretofore been thought by bank men to be as far as they could in dignity go in the way of advertising the bank.

While the newspaper and magazines are proper means by which to bring the banks before the public, there is a natural clientele that should, in addition to such efforts, be cultivated with more particularity. The depositors of a bank should be brought to feel that the nearest bank to them is the one that they *must use to obtain the greatest advantage* in the banking transactions connected with their business.

No man is totally immune from influences going out from the men with whom he comes in contact. Deny it as strongly as he may, he cannot ultimately resist the power of good feeling, just treatment and the desire to be of use to him. These form the sphere of influence going out from a bank to all within reach.

Uptown, suburban and so-called "country" banks can reap the benefit of the "neighborhood for the bank" idea better than those banks in the downtown district where the banking buildings are side by side.

Even in down-town banks, there is plenty of opportunity for each bank to develop special fields, not necessarily territorial, and to adopt means by which their particular customers may be best served, *wherever* actually located. The desire to best serve the public will foster coöperation between the down-town and up-town banks to the extent that the facilities of both may be fully exercised; but the bank in a section of the city where there are no other banks in

the immediate neighborhood, as its *special duty,* ought to cultivate and develop all of the people in that neighborhood in the practice of using some bank; and also in the belief that the *neighborhood* bank can supply alone, or with the help of the down-town bank, all proper functions of banking.

If the atmosphere of a good bank extends into a sphere of good influence enveloping the nighborhood, there is much power for good that can be exercised by the bank, not sticking out on the surface.

Studying Local Conditions.

When we indulge in such thoughts we find our minds groping for the handle of some tool by which we can turn our ideas into account. Before us is painted in imagination a picture of our bank in the center of a zone—a banking zone, not necessarily geometrical, but still an inclosed territorial district, inside of which we can serve the people better than any other bank, and outside of which we cannot profitably and safely go.

Suppose we look at that district a little closer and examine the territory in connection with our outlined zone. Perhaps we will find that there are ten thousand, perhaps twenty thousand, people all around us in our imemdiate neighborhood.

Not all of these people, men, women and children do a banking business. No, but many of them are doing it in *some other* bank. Why should they? No answer seems to come that ought to be allowed to remain. It is looked upon as undesirable for one bank man to solicit the account of a business house when he knows that that house has an account at another bank. Is the objection to hold as against the *neighbor's* claims? Most assuredly not! A bank is a public institution and as such ought to be included in the pride of the neighborhood. That is *our* bank, our neighbors would say to their friends if they *felt* it as a part of the neighborhood. By all legitimate means let us get the people to come and bring all our neighbors.

What Can Be Done.

First, let us stir things up in our banking rooms, let in the sun, tear down unnecessary bolt and bar, removing all avoidable prison effects; and next, let us cheer up personally and let our charming atmosphere spread out over the neighborhood the spreading stimulated by means of a campaign of education of *our* people in the use that the bank may perform for *them.* When the bank men once start thinking out ways in which they can be of more *use* to people, they will find springing to their minds thoughts showing rich, undeveloped fields.

Instead of rendering as little service as possible to hold some particular, or many particular accounts, as unfortunately some of our friends seem to do, they will find plenty of opportunity to render more service, vitalizing and enlarging their sphere of usefulness and, incidentally, reap the accompanying emoluments.

NEW COUNTERFEIT $10 NATIONAL BANK NOTE

On the Home National Bank of Staunton, Tex. Series of 1902-1908; check letter "D"; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States. Charter No. 9053; bank No. 405 or 465; Treasury No. 477203; divisional letter "S."

This counterfeit is a poorly executed photo-etched production printed on two pieces of paper, and in the specimen at hand a few pieces of silk thread are distributed. The note is so poorly printed that a detailed description of it is deemed unnecessary, as it should not deceive the ordinarily careful handler of money. Thanks are due R. G. Erwin, cashier, First National Bank of Ballinger, Tex., for the first sample of this note. It is doubtless the work of the same persons responsible for the $5 Carlsbad, N. M., national bank note described in circular No. 299.

John E. Wilkie, *Chief.*

ADJUSTING BRANCH BANK FINANCES

By H. M. P. Eckardt

IN the United States the men in charge of the active operations of each banking office are accustomed to give considerable thought to such matters as the regulation of the supply of cash money on hand, the balances carried with correspondent banks, and the methods of conducting the accounts covering this department of the banking business. Each institution orders its affairs to suit its peculiar circumstances and the bankers control their loans and discounts with an eye to the maintenance of a suitable amount of cash on hand and a suitable balance at the reserve agents or in the hands of other correspondent banks. As the various offices of a large branch bank are on a different footing in this respect, a short description of the manner in which those particulars are attended to under the branch system may have interest for American bankers.

Take a newly organized bank in the United States. The officers know how much capital they have in hand, and they can perhaps count with confidence upon a certain amount of deposits. They will probably say, "We must keep so much of these funds in hand as till money and reserve in vault, and carry so much as reserve with New York agent and balance with other correspondents. That leaves so many thousands which we can put into loans and discounts." The officers of a newly established branch bank take an entirely different course. Let us follow the operations of a new branch bank, say, in Western Canada, where branch offices are being established in large numbers. As I had the pleasure of opening a Western branch of one of the large Canadian banks I can speak from personal knowledge of the methods used.

In this case there is no fixed sum or fund which the banker has subject to his call, or on hand available for his purposes. The branch has no capital of its own. It has nothing except its rented premises, its fixtures, and outfit of books and stationery. But it has immense potential resources. The manager has the delightful feeling that for taking up transactions which measure up to the standards set by his head office he may draw upon the bank and its branches for amounts which are, in his eyes, practically unlimited. For the loans and expenditures of the branch you simply pay over the proceeds or the cost price as the customer desires, drawing for the funds you need. And of course you take all the deposits you can get. If they consist of the bank's own notes, you keep them and pay them out again over the counter. If they consist of checks on or notes of another bank in town you send them in and get the other bank's draft on Winnipeg, Montreal, or Toronto; and this draft you send for credit of account to the branch in the city upon which it is drawn.

How Counter Payments Are Secured.

First of all a few thousand dollars will be wanted for counter payments. They are secured through sending a "requisition" to the Winnipeg Branch which happens to be the supplying branch for this district. The requisition merely asks the manager of the Winnipeg Branch to send, say, $5,000 by express (or registered mail insured) in the bank's own notes, in denominations which are specified. It requires the signature of both manager and accountant of the new branch. The requisition is filled, and Winnipeg debits the new branch, which we may designate as N. Branch, with $5,000, plus costs of transportation, which are, let us say, seventy cents. N. responds to Winnipeg's entry and appears in the bookkeeping of the whole bank as indebted to Winnipeg for $5,000.70.

Then business commences. At the close of the first day there may be on hand a goodly part of the $5,000 cash

received from Winnipeg, a parcel of some 400 dollars odd for sending in to the other bank in town next morning, and a list of checks on Winnipeg banks received from depositors and customers. The list is sent to that city at debit of the branch there.

New York Correspondent Secured.

Then the branch will want a balance in New York. The manager writes to Montreal or Toronto branch, saying, "Please transfer $2,000 to the credit of this branch with the Blank National Bank, New York." Montreal does so and debits N. with $2,000, if New York funds are at par. In this way the business goes on. All items payable at other points are sent to the branches in those points at debit. And N. Branch is every day receiving from other branches checks drawn by its customers. Also it is continually drawing upon the centrally located branches in settlement of collections sent it by other banks.

In some Canadian banks an account is kept in the general ledger for every other branch with which it has transactions. In others, just one account is kept, and in this account the totals of each day's debits and of each day's credits are entered—the balance thus representing the position of the branch as regards the rest of the bank treated as a unit. In this system it is necessary to send statements to the head office, giving the details of entries between branches and the adjustments between branch and branch are made there.

Keeping the Head Office Account.

This consolidated account in the branch general ledger will be called "Head Office Account." And the balance shown in that account will depend on the nature of the branch's business. If it happen that the place is a great borrowing locality, as the great majority of Western branches are, then the probability is that as the loans increase the balance at credit of "Head office" will steadily rise. Thus, suppose the loans get up to $70,000, deposits $25,000, cash on hand $8,000 (of which $6,000 will be in the bank's own notes), and a balance of $2,000 lies in New York. The branch's investments will be $70,000 plus $8,000 plus $2,000, or $80,000. Its liabilities to the public being $25,000, it will owe head office approximately $55,000. But, as the $6,000 of the bank's own unissued notes which it has on hand are not money, it is entitled properly to deduct that amount from its indebtedness.

Adding a New Account.

Suppose when it is in that state it happens that the opposition bank manages in some way to offend one of its good customers who has a line of $20,000, and the man comes in and offers to transfer his account. If the manager is quite satisfied that the would-be customer is sound, prosperous, and able to meet his promises or obligations, an application for a credit will go to the general manager, backed up with the branch manager's strong recommendations.

Assuming that the credit is accepted or authorized, the branch manager proceeds to "take up" the account as soon as he is acquainted with the decision of the executive. He is not required to do any financing at all in the way of providing funds at the centers or at New York. If the account is in such shape that it can be transferred in one sum the branch merely requires the other bank to send in the borrower's obligations, and it settles with it by giving a draft on Winnipeg or Montreal. It does not concern itself in the least about how Winnipeg or Montreal is to meet the draft.

In the same way if it is necessary, in order to take up a new account or to make a loan, to draw upon New York for $15,000 when the branch has only $2,000 at credit with the New York correspondents, the circumstance does not call for any thought or consideration at all on the part of the branch officials.

They simply draw on New York for the necessary sum and write or wire one of the principal branches of the bank to transfer enough funds to cover.

Heavy Work Done at Head Offices.

This illustrates how the lending part of the bank's business is financed at the branch, and gives some idea of the branch manager's freedom from worry over the question of cash holding and correspondent's balances. Of course in the case of deposits and other receipts the funds are not adjusted or guided by the branch in any way. If a check on a bank in Vancouver for $10,000 is received on deposit or as payment of a loan, the branch sends it to the Vancouver branch and does not bother any more about it. The Vancouver branch will collect and get a settlement in legals. If its holding of legals begins to grow too large, it sells some to other banks, taking payment in Winnipeg or Montreal funds. And if its stock of legals runs too low, it sells its draft on Winnipeg or Montreal to one of the other banks. In that way the different centers adjust their holdings of cash. When the cash at the principal center accumulates too rapidly, it will be kept within bounds by lending at call in New York, London, Montreal or Toronto.

As may be supposed, it is no light task to adjust the accounts of 150 or 200 branches. This is done at the head office and engages the attention of a staff of men. Each branch is required to send in statements of entries passing between itself and other branches. The items on each one of these statements are to be checked off with the statements of other branches in order to discover all the outstandings. When they are finally arrived at the balances of each branch in relation to head office is proved or reconciled.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

THE MONETARY REFORM IN THE ARGENTINE

A MEASURE to give finality to the adoption of the gold standard in the Argentine Republic was sent to Congress by the Executive on Wednesday, September 14 last. The bill was accompanied by a message, explaining the objects and methods of the reform. It was declared that the gold peso had been finally adopted as the unit, representing the present actual value of the paper currency, and that the franc had been rejected, after due consideration, upon the ground that the attempts to establish uniformity of coinage among the nations had not proved satisfactory.

The measure in one sense only gives final form to a condition which has existed since the year 1900. The Government made provision at that time for a conversion fund in gold, from which paper was to be issued for gold at the rate of forty-four gold centavos to the paper peso. This rate of exchange has been steadily maintained and the conversion fund has risen above $130,000,000. The new unit will be known as the peso and will contain 0.709676 grains of gold, nine-tenths fine. A gold coin will be issued of the denomination of ten pesos. No provision is made at present for silver coins, but there will be nickel pieces of twenty, ten, and five centavos, and copper coins of two and one centavos.

A separate department of issue is created in the Treasury, which will have charge of all matters pertaining to the paper currency. New notes will be substituted for those now in circulation as soon as the conversion fund reaches a

certain amount, but existing contracts will be settled in national currency of a value equivalent to the gold value of the old contract. The conversion office, which is made a part of the issue department, is to issue and deliver to every applicant legal tender notes at par and to deliver gold to every applicant in exchange for paper money in the same proportion. The gold cannot be diverted to any other purpose than the maintenance of the parity of the paper currency. A special conversion fund is established for issues prior to November 4, 1899, when the present conversion fund for the issue of notes at forty-four pesos was established.

If this bill becomes a law, as seems to be probable, its results will be watched with interest. In so far as it puts the stamp of finality on existing conditions, there is little reason to anticipate disturbance to the money market. The present gold holdings of the Government seem to be adequate to maintain parity, and the power is granted by the new law to employ the conversion fund in the purchase and sale of drafts on foreign countries. The subsidiary circulation does not seem to be very adequately provided for in the absence of provision for silver coins. The elastic element in the monetary circulation seems to depend upon the inflow and outflow of gold, but may be promoted by the authority to sell drafts and by the issues of the Bank of the Nation.

MERGER OF THE RUSSO-CHINESE BANK

THE Russo-Chinese Bank, which was founded in 1895 to promote closer commercial relations between Russia and China, has been absorbed by the *Banque du Nord,* a French institution dominated by the *Société Générale.* The merger will result in a new institution to be known as the *Banque Russo-Asiatique,* which will combine the business done in Siberia, India, China and Persia by the Russo-Chinese Bank with the European business of the *Banque du Nord.*

The Russo-Chinese Bank was openly a protégé of the Russian Government, and was one of very few European institutions in the East which operated to any considerable extent outside the field of foreign exchange. The bank was aided by both the Russian and Chinese governments by contributions towards its capital and was given authority to engage in the collection of duties in China and to coin money, with the authorization of the Chinese government. It was also authorized to acquire concessions for the construction of railways in China. The capital of the bank was originally fixed at 6,000,000 roubles ($3,090,000), but was raised by successive stages until it stood, on January 1, 1908, at 24,088,200 roubles ($12,405,000), with reserve funds of 9,176,514 roubles.*

For some years the bank was prosperous and was successful in extending Russian influence in the East. It was somewhat hampered, however, by the war with Japan, which naturally compelled the abandonment for the time being of the Japanese branches. Then came a series of bad investments, which impaired the reserve funds, and the theft of bonds by employees in New York, which aroused doubt as to the wisdom of carrying on such widely scattered branches. It is intended to abolish the American branches in New York and San Francisco, retaining one of the foreign exchange houses in New York as a correspondent. The new institution will have a capital of about $25,000,000.

THE FINANCES OF PORTUGAL

THE finances of Portugal have been for many years in a state of chronic disorder, as the result of large deficits in receipts. These deficits were somewhat reduced during the period from 1903 to 1908, but the provisional

*Further details regarding the bank and its note issues will be found in Conant's "History of Modern Banks of Issue," fourth edition, p. 603.

budgets for the last two years have shown an estimated deficit of nearly 30,000,000 francs per year, which is a large amount for so small a country. The burden of the public debt has been kept under some degree of control by means of forced conversions of the rate of interest. The credit of the country was sustained at a fair level down to 1891 by the Barings, but their failure caused a crisis, which was followed by a reduction of the interest on the debt held abroad to a third of its nominal amount. The charges for the debt absorbed 43.66 per cent. of ordinary revenue as far back as 1878 and required 45.9 per cent. according to the budget for 1910. The total debt stands at about $800,000,000 for an European population of 5,423,132,

It will, therefore, be one of the heaviest tasks of the Republic to bring order into the financial régime. Several efforts in this direction have been made from time to time, including the effort to bring back the circulation of the Bank of Portugal to a gold basis. The bank has been weakened by continual loans to the State, which have greatly inflated the paper circulation. The amount of bank-notes in the circulation, which was only 48,000,000 francs in 1890, with a gold cover of thirty per cent., reached 392,000,000 francs at the end of 1909, with a gold cover of only eight per cent. In spite of this deplorable condition, it is noted by Professor Edmond Théry in "L'Économiste Européen," of October 14, that exchange has been maintained at a level fairly steady during the course of the last few years, because of the improvement in Brazilian exchange. Many Portuguese have preserved important interests in their ancient colony and employ their profits in Portugal. The result has been to keep exchange at a rate only about ten per cent. below gold parity, and it was not essentially shaken by the recent revolution. The actual rate on October 6 was 5.30 francs to the milreis, which represented a depreciation of 8.62 per cent.

EXTENDING USE OF DOMICILED BILLS

A SPECIAL effort is being made by the Bank of France to promote the payment of bills of exchange at the bank and its branches rather than directly by the drawee. The bill of exchange, as pointed out in an article in "L'Économiste Européen," on October 14 last, is much more widely used in Europe than in America, but on the other hand, payments of bills and other obligations are made much more widely in America than in France by means of checks. A great quantity of bills of exchange, even down to amounts as low as ten francs, are payable by the small merchants of Paris and other towns every day, but especially near the end of the month. These merchants and manufacturers, in order to pay these bills upon presentment, are compelled to obtain gold and bank-notes, which come ultimately from the Bank of France. It is estimated that on certain days not less than $40,000,000 in notes and specie is circulating through the streets of Paris in the hands of messengers and others representing the merchants, for this single purpose.

What the Bank of France is proposing is that a larger proportion than heretofore of these bills of exchange should be "domiciled,"—that is, made payable by the drawee at a bank when accepted by him, instead of payable at his own office. If he then maintains a deposit account, his maturing obligations will be charged to that account and the whole process will be consummated by the clearing of credits, instead of the transportation of great quantities of currency through the streets. The process of domiciliation is, of course, already well established in Europe, but Governor Pallain, of the Bank of France, in a circular of October 7 last, urges upon the managers of all the branches of the bank an effort to extend the system. He suggests that in order to give wider use to the practice, the local manager shall use such persuasion as possible with the clients of the bank, ascertain the

deposit accounts most susceptible to such a process, and explain its economy and advantages, in time as well as in money, to the depositors. In order to ascertain the progress made in this respect, each manager is requested to state at the end of his monthly report the number of clients at his branch employing the process of domiciliation and the number of new adherents during the month.

FOREIGN CAPITAL IN CANADA

A RECENT study by the "Monetary Times" of the volume of foreign investments in Canada arrives at the conclusion that the total of such investments within the last five years has reached $962,418,502. Of this amount, England is calculated to have contributed $605,453,852; the United States, $279,075,000; France, $49,250,000; Turkey, $3,000,000, and Russia, $950,000. The Russian investment is represented by the purchase of land for the Doukhobors in British Columbia, and the Turkish by the purchase of some public funds and railway securities by a Constantinople bank. Belgian interests represent a total of $5,750,000, of which $3,000,000 is invested in western mortgages and $1,500,000 in land at Saskatchewan. Germany has invested $2,500,000 in lands and mortgages, $6,000,000 in coal veins in the west, and $8,000,000 in railway securities, representing a total German investment of $16,500,000. Canadian bank shares are held abroad to the amount of $1,439,650.

STABLE EXCHANGE IN BRAZIL

THE recent effort of the Brazilian Government to bring about a permanent rate of exchange has caused considerable disturbance in operations between Brazil and the gold standard countries. This has been due primarily not to the effort itself to bring about stability, but to the fact that the government is credited with the purpose of raising the exchange value of the milreis to eighteen pence. The rate has been for some years at fifteen pence, and transactions have become adjusted to this basis. The raising of the rate necessarily involves an increase in the gold rate of wages and for domestic products whose prices remain unchanged in Brazilian currency. The credit of Brazil has been so good since the establishment of the Conversion Office, on December 26, 1906, that exchange has several times threatened to go considerably above fifteen pence. The policy of the Minister of Finance would tend to enhance the value of the paper currency and to that extent to increase the credit of the country, but would be inimical to interests which calculate upon a narrow margin of profit at the existing rate of exchange. The Minister asked Congress in April last for authority to raise the rate to sixteen pence, when the gold in the conversion office had reached the amount of £20,000,000, as provided by the law of 1906. The result was to cause violent movements in exchange, which carried it for a time as high as eighteen pence. The subject is now in abeyance until the meeting of the new Congress, which will probably endeavor to put the standard of value upon a definite basis.

MONEY CONDITIONS IN GERMANY

THE utterances of the Governor of the Imperial Bank of Germany in regard to money market conditions usually presents a broad view of the status in Europe and derive interest from the extent to which an officer charged with heavy responsibilities is willing to commit himself. The occasional guarded statements of Dr. Koch, the former Governor of the bank, who died recently, always attracted attention throughout Europe, and the utterances of his successor, Count Havenstein, who has now been in office nearly three years, are equally attracting notice. At the meeting of the bank at the close of September, at which the official rate of discount was advanced to five per cent., Count Havenstein made a statement to

the central committee, which the Berlin correspondent of the "London Economist," in its issue of October 1, translated as follows:

"The entire development of money market conditions during the past weeks and months indicates that the present tension is no merely temporary one caused by the monthly settlement, but that we are confronted by a prolonged expansion of credit and a lasting stiffening of rates. The final weeks of July and August showed extraordinary pressure for loans and discounts at the Reichsbank . . . and the pressure in the past three weeks of September was considerably greater than in the three previous years. The status for September 23 only makes a tolerable comparison with last year, for the reason that our holdings of Imperial Treasury notes are £12,500,000 less than then. . . . Especially striking during the past few months has been the pressure at the head office in Berlin, and the high percentage of long-term bills handed in by the banks. All this shows heavy pressure, and is evidence of the fact that the resources of the banks are tied up for a protracted period—a thing not to be viewed without concern when we remember that the demands resulting from the gradually improving position of our business life are not very great and are not abnormal; and besides this, considerable sums of foreign money are on hand here. The pressure at the Reichsbank on the part of the other banks continues to increase to a serious extent. It would therefore be a thankworthy task for the German banking community . . . to draw the reins more tightly and to counteract the exaggerated demands for credit. The Reichsbank cannot do this alone, and it begs the assistance of the banking community; it is glad to note that several of the banks have already given decisive warnings to their customers. The pressure for credit already referred to is by no means sound at every point and of economic advantage. At present very many long-term credits are in existence, and the numerous and continuing speculative credits have caused a further strong increase in them. There are evidently more and greater engagements for the rise than had probably been assumed."

WHERE DOES THE GOLD GO?

As soon as most women have a small bank account—and many long before—they begin to buy jewelry. Some men do the same, for investment, they usually claim, rather than for personal adornment. During the past few years the general prosperity of everybody has developed the jewelry fad to an unprecedented degree, with the result that more than $35,000,000 worth of gold has been drawn out of circulation and into the arts during the year. Most of the demand for this enormous amount of gold has come from manufacturing jewelers.

People not only wants lots of jewelry, but they demand the best in the market. Large dealers in jewelry say they can tell the difference between Easterners and Westerners in this country by the demand of the latter for show and of the former for quality.

The manufacture of the basal metal into non-currency media in this country is today going on at the rate of about $35,000,000 a year. The subtraction of this enormous amount of gold for manufacturing purposes is bound, experts say, to have a more or less adverse effect on circulation. Not only that, but it also does away with four times the amount of credit. In short, the actual gold going into the luxuries of the American people is withdrawing from financial operations at least $140,000,000.

The struggle to keep enough money in circulation has been a constant one. Many causes tend to bring about a stringency that has to be artificially relieved. Whether the time will ever come in this country when banking officers will be compelled to restrict the amount of precious metals used in the arts no expert would be willing to say. The present problem, they declare, although it has grown formidably, will adjust itself along natural lines unless some untoward event happens that will make it necessary for the government to put its hands on every available ounce of gold or silver for immediate use.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

NEGOTIABLE INSTRUMENTS—NECESSITY FOR USE OF WORD "ORDER" OR "BEARER"—CONSTRUCTION OF NEGOTIABLE INSTRUMENTS LAW.

WETTLAUFER *vs.* BAXTER ET AL.

COURT OF APPEALS OF KENTUCKY, MARCH 2, 1910.

If there is doubt about the meaning of any of the provisions of the Negotiable Instruments Law, and that doubt can be solved by a reference to the law merchant as it was administered before the passage of the act, this law should be looked to, and the act if practicable, given such a construction as will make it harmonize with the general principles of commercial law in force before its enactment.

An instrument is not negotiable either under the law merchant or under the act, unless the words "order" or "bearer" or equivalent terms are used in the body thereof.

The character of the paper is determined by the language used in the body thereof, and the form of indorsement cannot convert a non-negotiable note into one that is negotiable.

If a note is not a negotiable instrument within the meaning of the act the rights and liabilities of the parties to it are not to be determined by the act, but by the law relating to non-negotiable paper.

CARROLL, *J.:* In the State of New York, on July 3, 1905, the Buffalo Carriage Top Company executed to Newton J. Baxter the following note: "January 15, 1906, after date we promise to pay to Newton J. Baxter two hundred and fifty dollars at 58 Carroll St., Buffalo, N. Y." On the back of the note Newton J. Baxter wrote his name, and before its maturity it was discounted by appellant, Wettlaufer, and delivered to him by Baxter. When the note fell due, it was presented to the Buffalo Carriage Top Company for payment, and payment refused. Thereupon the note was protested by a notary, and notice of its dishonor mailed to Baxter at his residence, in Owensboro, Ky. Baxter declining to pay the note, suit was brought on it against him in the Daviess circuit court. A general demurrer was sustained to the petition, and, declining to plead further, the petition was dismissed.

The petition as amended, after setting out substantially the facts before stated, averred that the note was executed and delivered by the payer to Baxter in the State of New York, and was indorsed and delivered by Baxter to Wettlaufer in that State; that before the execution of the note the Legislature of the State of New York had enacted what is known as the "negotiable instrument law," which was in force when it was executed and transferred; and that its provisions applied to the note. It is conceded that the negotiable instrument law of the State of New York is identical with the negotiable instrument law enacted by the Legislature of Kentucky in March, 1904, and which is now chapter 90B, § 3720B, Ky. St. (Russell's St. §§ 1820-2014.) The questions involved in the case are: Was the note before its indorsement by Baxter a negotiable instrument within the meaning of the negotiable instrument act? Or, if not, did Baxter, by signing his name on the back of the note and selling and delivering it before maturity to Wettlaufer, convert it into a negotiable note and make all the parties to it subject to the negotiable instrument act the same as if it had been a negotiable note in the first instance?

The contention of counsel for Baxter is that the note was not a negotiable instrument, and that Baxter by signing his name on the back of the note became merely an assignor and not liable, unless suit was brought on it at the first term of the court against the maker, the Buffalo Carriage Top Company, and it prosecuted to insolvency. In other words, the effort is to apply to this case

the rule of law announced by this court in Francis vs. Gant, 80 Ky. 190, and many other cases, holding that, before an assignee (as it is said Wettlaufer is) can recover of an assignor (as it is contended Baxter is), he must institute his action against the payer of the note at the first term of the court after the note falls due, obtain judgment, have execution issue, and a return of no property found, without unreasonable delay. If the law as declared in this line of cases applies to this note, it is manifest that the ruling of the lower court was correct, as there is no averment that the Buffalo Carriage Top Company was prosecuted to insolvency, or that any action was brought against it before proceeding against Baxter.

On the other hand, the contention for Wettlaufer is that the liability of Baxter upon this note is to be determined by the negotiable instrument act, which repealed all former laws upon the subject of bills and notes, and the rights and duties of assignees and assignors under them, and that by the provisions of this act Baxter occupies the position of an indorser and not as assignor of the note. Or, in other words, that, although the note may not have been negotiable when first executed and delivered, Baxter by his indorsement converted it into a negotiable note, and that, treating it as such, the liability of Baxter and the other parties must be controlled by the negotiable instrument act.

In considering the questions involved, we will for convenience refer to the negotiable instrument act adopted in this State. The sections of the act pertinent are:

"§ 3720B. Section 1. An instrument to be negotiated must conform to the following requirements: (1) It must be in writing and signed by the maker or drawer. (2) Must contain an unconditional promise or order to pay a sum certain in money. (3) Must be payable on demand or at a fixed or determinable future time. (4) Must be payable to the order of a specified person or to bearer; and (5) where the instrument is addressed to a drawee, he must be named or otherwise indicated therein within reasonable certainty."

"Sec. 8. The instrument is payable to order where it is drawn payable to the order of a specified person or to him or his order. It may be drawn payable to the order of: (1) A payee who is not maker, drawer, or drawee; or (2) the drawer or maker; or (3) the drawee; or (4) two or more payees jointly; or (5) one or some of several payees; or (6) the holder of an office for the time being. Where the instrument is payable to order, the payee must be named or otherwise indicated therein with reasonable certainty.

"Sec. 9. The instrument is payable to bearer: (1) When it is expressed to be so payable; or (2) when it is payable to a person named thereon or bearer; or (3) when it is payable to the order of a fictitious or nonexisting person, and such fact was known to the person making it so payable; or (4) when the name of the payee does not purport to be the name of any person; or (5) when the only or last indorsement is an indorsement in blank."

"Sec. 30. An instrument is negotiated when it is transferred from one person to another in such manner as to constitute the transferee the holder thereof; if payable to bearer, it is negotiated by delivery; if payable to order, it is negotiated by the indorsement of the holder, completed by delivery."

"Sec. 34. A special indorsement specifies the person to whom or to whose order the instrument is to be payable; and the indorsement of such indorsee is necessary to the further negotiation of the instrument. An indorsement in blank specifies no indorsee, and an instrument so indorsed is payable to bearer, and may be negotiated by delivery."

"Sec. 184. A negotiable promissory note within the meaning of this act is an unconditional promise in writing made by one person to another, signed by the maker engaging to pay on demand or at a fixed or determinable future time, a sum certain in money to order or to bearer. Where a note is

drawn to the maker's own order, it is not complete until indorsed by him."

The negotiable instrument act is not a new law. It is with few exceptions merely the codification of old laws that were in force and effect by virtue of judicial pronouncement or legislative enactment, and generally uniform. In many of the States, including our own, there was very little statutory law on the subject of bills and notes previous to the passage of this act. Some of these statutes were not uniform, nor indeed were the opinions of the courts altogether in harmony. And so, to remove the confusion and uncertainty that was caused in commercial affairs by the lack of uniformity in legislative enactments and harmony in judicial opinions, a committee of gentlemen learned in the commercial law prepared the negotiable instrument act, not with a view of making any radical changes in the law as generally understood and administered, but to remove the doubt as well as conflict that had in some instances come into existence from difference in statutory laws as well as court opinions. The result of their labors was the present act, which has become the law in a large majority of the States.

And looking to the intention of the law and the purpose of its preparation and enactment, if there is doubt about the meaning of any of its provisions, and that doubt can be solved by a reference to the law merchant as it was theretofore administered, this law should be looked to, and the act if practicable given such a construction as will make it harmonize with the general principles of commercial law in force before its enactment.

For the purpose then of ascertaining what bills and notes it was intended should be negotiable within the meaning of this act, we may with propriety inquire what words were generally considered necessary to make a note or bill negotiable before this act went into effect, with a view of noting what change if any was made in this particular. In an article in 7 Cyc., page 606, by a well-known writer on commercial paper, it is said: "The usual form of negotiable paper is a provision for payment to 'order' or 'bearer.' These or similar words are in general necessary to its negotiability, and are often required by statute, but a note which is nonnegotiable for want of such words is still a valid note and may be declared on as such.

"Bills payable to bearer were formerly held to be nonnegotiable, as being without words of transfer; but they are now recognized as negotiable and transferable by delivery. Making the instrument payable 'to the order of' a person named is the same as to such person 'or order'; and in like manner to a person named 'or bearer' is the same in effect as 'to bearer.' Without words of negotiability purchasers take the bill or note subject to all defenses which were available between the original parties; and if it was originally nonnegotiable, as against the original parties, it will not be rendered negotiable by subsequent transfer in negotiable form." The same rule is announced in 4 Am. & Eng. Ency. of Law, 133; Story on Bills of Exchange, § 60; Daniel on Negotiable Instruments, § 105; Bank vs. Butler, 113 Tenn. 574; Westburg vs. Chicago Lumber Co., 117 Wis. 589.

It will thus be seen that it was uniformly held that, in order to make a note or a bill negotiable, the words "to order" or "to bearer," or equivalent words, must be used in the body of the note. It will be kept in mind, however, that the absence of these words does not affect the validity of a note or render it nontransferable or nonassignable. Their only effect is to make the instrument negotiable, and thereby cut off defenses that the maker or either of the parties to the paper might have and make against a holder in due course if the note was not negotiable.

The negotiable instrument act does not apply to or affect the rights or liabilities of persons on paper that is not within its meaning negotiable. But, if a note is made payable to a specified person "or order" or to a specified person or "bearer," and such a paper comes

into the hands of a holder in due course—that is, a holder who has taken the instrument under the following conditions mentioned in section 52, "(1) that the instrument is complete and regular upon its face, (2) that he became the holder of it before it was overdue and without notice that it had been previously dishonored if such was the fact, (3) that he took it in good faith and for value, (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it"—then neither the maker of the note nor any other person on it can make as against him defenses such as fraud, or want of consideration, or the like, that they or either of them might have made if the note was not a negotiable instrument. In short, if a note is not a negotiable instrument within the meaning of this act, then the rights and liabilities of the parties on it are to be determined by the law as administered with reference to nonnegotiable instruments. If it is a negotiable instrument in the meaning of the act, then the rights and liabilities of the parties to it are fixed and determined by the provisions of the act alone. This note, in our opinion, which was payable to Baxter alone, and did not contain the words "to order" or "bearer," was not a negotiable instrument. These words by sections 1 and 184 are indispensable to make the paper a negotiable instrument within the meaning of the act.

But the argument is further made that as Baxter indorsed the note in blank—that is, signed his name on the back of it without any other words—he thereby converted the note into a negotiable instrument. It is true that section 9 of the act provides that "the instrument is payable to bearer * * * when the only or last indorsement is an indorsement in blank"; but this does not mean that an indorsement in blank converts a note nonnegotiable on its face and by its terms into a negotiable note. This construction would enable the person who last signed his name on the back of the note to change entirely the contract as entered into between the parties, and have the effect of making the maker, payee, and all prior indorsers liable upon a negotiable instrument when they intended to and only became liable upon a note that was not negotiable, and this, as can readily be seen, would be a most important and material change in the obligation assumed by them when they signed the paper.

To give the act this construction would place it in the power of any indorser who chose to sign his name in blank to change by this act the entire character of the paper as well as the rights and liabilities of the parties to it. It would make the character of the paper depend upon the manner of the indorsement and not upon the terms expressed in the paper. Thus, if A. indorsed it in blank to B., it would be negotiable; but, if B. indorsed it specially to C., it would be nonnegotiable. Manifestly it was not intended that the mere indorsement of the note by a remote or other indorser should have this effect.

When a paper is started on its journey into the commercial world, it should retain to the end the character given to it in the beginning and written into its face. If it was intended to be a negotiable instrument, and was so written, it should continue to be one. If it was intended to be a nonnegotiable instrument and was so written, it should so remain. Then every one who puts his name on it, as well as every one who discounts or purchases it, will need only to read it to know what it is and what his rights and liabilities are.

In our opinion section 9 was merely intended to describe or designate the conditions under which a note negotiable on its face might become payable to bearer, and was not intended to apply to a note not on its face or by its terms negotiable. To illustrate, if this note was payable to "Newton J. Baxter or order," then the paper upon its face would be a negotiable instrument, al-

though payable only to Baxter or order, and the only effect of the indorsement on the note by Baxter in blank would be to convert the note from a note payable to order into an instrument payable to bearer. But this indorsement would not in any manner change the negotiability of the note, nor change the attitude of any of the prior parties on the note, or increase their liability or cut off any defenses that they might have made, as it was at all times negotiable instrument. Then, too, "when the only or last indorsement is an indorsement in blank," the payee without notice of any defect in the title of the holder may pay the same to him, as it will be presumed it came into his hands in due course; no indorsement being necessary.

Although the note under our construction of the negotiable instrument act was not a negotiable instrument, yet Baxter had the right to indorse it and transfer it by delivery, and pass whatever title he had to the transferee or assignee. But the assignee would then take the note not subject to the provisions of the negotiable instrument act, but under the law applicable to non-negotiable paprer.

* * * * * *

In the absence of a pleading setting out what the law of New York was at the time the note was indorsed by Baxter, we cannot assume that it was as stated by counsel in argument, and so his liability must be measured by our law independent of the negotiable instrument act. And as under this law Baxter would be treated merely as an assignor of the note, and would not be liable unless and until the maker had been first prosecuted with due diligence to insolvency, the petition did not state a cause of action. (Ky. St. § 481 [Russell's St. § 1797]; Campbell vs. Farmers' Bank of Kentucky, 10 Bush, 152; Edgewood Distilling Co. vs. Nowland, 44 S. W. 364, 19 Ky. Law Rep. 1740.)

Judgment affirmed.

PAYMENT OF FORGED CHECK—NOTICE BY DEPOSITOR—DELAY—DEMAND.

PRATT vs. UNION NATIONAL BANK.

SUPREME COURT OF NEW JERSEY, DEC. 21, 1909.

The act of New Jersey approved April 13, 1908, (P. L. p. 428), providing that no bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment such depositor shall notify the bank that the check so paid was forged or raised, is prospective and not retroactive.

Where a depositor in a bank has drawn upon his account by a check which has been paid to some one other than the payee, by reason of the forgery of the latter's indorsement, a demand for the payment of the canceled forged check is not a condition precedent to the depositor's suit for his deposit.

The rule requiring demand on banks before suit is brought for deposits does not extend to cases where the bank has disclaimed liability, or where for any other reason the demand would manifestly be futile.

A depositor in a bank is not precluded from recovery in a suit for his deposit by his failure to discover and report that his payee's indorsement on a check returned to him with the balanced passbook, and charged to his account in the passbook, was forged, when it appears he did not know his payee's signature, and there is no reason for claiming that he ought to have known it.

A depositor's delay in giving notice to the bank of the forged indorsement of his check after he discovers it, will not be a defense against his action against the bank to recover the amount of the check, unless the bank was injured by the delay

TRENCHARD, *J.:* John Pratt, the plaintiff below, was a depositor in the Union National Bank of Atlantic City. On August 9, 1906, he issued a check on that bank for $120.77 to the order of George W. Nock, and mailed it to Nock in Philadelphia in part payment of an open account. The check was received at Nock's place of business, and his indorsement forged thereon by some person in his office. It was negotiated through several hands, and was finally presented to the Union National Bank and paid by it September 11, 1906. On November 7, 1906, the

bank returned the canceled check to Pratt with his balanced passbook. It appears by the testimony that "early in the spring of 1908, it might have been later," Nock notified Pratt by letter of the forgery, and afterwards, on May 23, 1908, he obtained the check from Pratt, giving him a receipt for it, and presented it to the bank, demanding payment, which was refused, the bank disclaiming any liability. On October 24, 1908, this suit was brought in the Atlantic City District Court, and the judge, sitting without a jury, rendered a judgment for the plaintiff. The defendant appeals. At the outset, we remark that it may well be that the record before us presents no legal questions. There seems to have been no request to find and no objection to the actual finding. But, considering the questions argued, we think the judgment is right.

First, it is said that there can be no recovery, because no notice was given to the bank of the forgery within one year after the return to the depositor of the voucher. It is true that the act of April 13, 1908 (P. L. p. 428), provides that "no bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment such depositor shall notify the bank that the check so paid was forged or raised." It is also true that the act provides that it shall take effect immediately. The important question is whether the act has any application to the case at bar. That depends upon whether it is intended to be retrospective, or prospective only. We think it is prospective only. It is a rule of construction that all statutes are to be considered prospective, unless the language is express to the contrary, or there is a necessary implication to that effect. (Harvey vs. Tyler, 2 Wall. 347; U. S. vs. Heth, 3 Cranch, 413; Washung vs. Hunt, 47 N. J. Law, 256, affirmed Hunt vs. Washung, 48 N. J. Law, 613.) The statute in question contains no express language indicating that it is to have a retroactive effect, nor is there any such necessary implication. The action in question accrued before the statute was enacted. To give it effect in this case would deprive the plaintiff of his existing remedy, for he did not discover the forgery until after the time limited by the statute had elapsed. It will be presumed that such was not the intent of the Legislature. To avoid such a result we should give the statute a prospective operation. We are of the opinion, therefore, that it does not affect this suit.

Secondly, it is considered that the judgment should be reversed "because the evidence shows that no demand was ever made by the plaintiff or any one in his behalf upon the defendant for the payment of the check." But it is to be observed that the subject-matter of the action is not the forged check, but the money of the plaintiff deposited in the bank. A deposit being a loan payable on demand, the depositor may not as a general rule maintain an action to recover his deposit until he has first made a demand for its payment. But where, as in this case, he has drawn upon the account by check which has been paid to some one other than the payee, by reason of the forgery of the latter's indorsement, a demand for the payment of the canceled forged check is not a condition precedent to the depositor's suit for his deposit.

The question which the defendant probably intended to raise, and has argued, was whether the action for the deposit could be maintained in the absence of a demand for its payment. We have pointed out that as a general rule demand must be made. The reason for the rule is that, when banks are ready and willing to pay on demand, they shall not be annoyed by suit. The implied contract is that the banks shall keep a deposit until called for, and until the bank refuses to pay on demand, they are not in default. (Titus & Scudder vs. Mechanics' Nat. Bank, 35 N. J. Law, 588.) But where the bank has disclaimed liability, or where for any other reason the demand would mani-

festly be futile, none need be made. (Titus & Scudder vs. Mechanics' Nat. Bank, 35 N. J. Law, 588; Sutcliffe vs. McDowell, 2 Nott & McC. [S. C.] 251; Lilley vs. Miller, 2 Nott & McC. [S. C.] 257; Farmers', etc., Bank vs. Planters' Bank, 10 Gill & J. [Md.] 422; Miller vs. Western National Bank, 172 Pa. 197; State Bank vs. Benoist, 10 Mo. 520.) In the present case the bank repeatedly denied its obligation with respect to the moneys represented by the returned check. To make another demand by check or otherwise would have been an absurd and useless form.

Thirdly, it is urged that the plaintiff is precluded from recovery by an account stated between the parties. The argument is that the plaintiff was put in possession of his balanced passbook and vouchers by the bank on November 7, 1906, and his silence with respect to the forged indorsement on the check converted it into an account stated, by reason of the plaintiff's negligence in failing to exercise reasonable diligence in discovering the forged indorsement.

But the underlying principle is that, having paid the check, the bank cannot charge the amount against the depositor, unless it shows a right to do so on the doctrine of estoppel or because of some negligence chargeable to the depositor. The return to the depositor of his check with a forged indorsement, together with his balanced passbook, casts on him only the duty of reasonable care and diligence to examine the vouchers and account as stated by the bank, and to inform the bank of any errors thus discoverable. (Harter vs. Mechanics' National Bank, 63 N. J. Law, 578.) But reasonable diligence in the examination of the passbook and vouchers may often be entirely ineffectual to discover forged indorsements. It will always be so when the depositor is unacquainted with the handwriting of the payee or other persons who indorse his checks. In the case at bar, it appeared that the plaintiff was not in fact acquainted with his payee's signature, and there is no ground for claiming that he ought to have known it. He therefore did not fail in duty to the bank by not discovering the forgery on the return of the check. Indeed, he was entitled to assume that the bank, before paying the check, had ascertained the genuineness of the payee's apparent indorsement. (Harter vs. Mechanics' National Bank, 63 N. J. Law, 578.)

Lastly, it is said that the plaintiff is estopped from recovery by his failure to give notice within a reasonable time to the defendant of the forgery of the payee's signature after the discovery thereof. It does not appear at what precise date the plaintiff first discovered the forgery. It may have been early in the spring of 1908. It may have been later. He notified the bank on May 23, 1908. This judgment was rendered by the trial judge, sitting without a jury, and in order to reverse it on this ground we would be required to say as a matter of law that the delay was an unreasonable one. This it seems to us, considering the state of the testimony, we cannot do.

But assuming, without deciding, that there was an unreasonable delay on the part of the plaintiff in reporting the forgery after discovery, there remains for consideration the question whether it must appear, in order to preclude plaintiff's recovery, that, because of such negligent failure to give notice, the bank was prejudiced in its right of action against the forger or other third parties.

While there is some conflict in the cases, yet the rule established by the great weight of authority is that a depositor's delay in giving notice to the bank of the forged indorsement of his check after he discovers it, will not be a defense to his action against the bank to recover the amount of the check, unless the bank was injured by the delay. (Janin vs. London & S. F. Bank, 92 Cal. 14; Brixen vs. Deseret Nat. Bank, 5 Utah, 504; Third Nat. Bank vs. Merchants' Nat. Bank, 76 Hun, 475; Wind vs. Fifth Nat. Bank, 39 Mo. App. 72; Hardy vs. Chesapeake Bank, 51 Md. 562; Murphy vs. Metropolitan Nat. Bank, 191 Mass. 159; Weinstein vs.

National Bank, 69 Tex. 38, 6 S. W. 171; United States vs. National Bank, 2 Mackey [D. C.] 289.)

The doctrine of the responsibility of the depositor to his bank for the result of failure promptly to notify it of the forgery was held in Hardy vs. Chesapeake Bank, 51 Md. 562, to rest upon the principle of an estoppel in pais, which may be invoked, to prevent injustice only by one who can show that he has acted, or refrained from acting, by the conduct of another which would ordinarily influence other persons; and the court, relying on this doctrine, held that it was incumbent upon the bank to show that it had been actually misled to its injury by the conduct of the depositor. There is no presumption of disadvantage to the bank; that must be affirmatively shown. (Wind vs. Fifth Nat. Bank, 39 Mo. App. 72.)

The burden of proof that the bank sustained damage or injury by the negligence of the depositor is upon the bank. This it must show by evidence, having some reasonable tendency to establish such fact. Mere conjecture or surmise is not sufficient. There must be evidence from which a rational mind can reasonably draw from it the conclusion that the bank sustained some loss, or that its position with reference to the check or its right to recover against the forger or other third parties was in some manner changed to its disadvantage because of not having earlier notice. In such case a jury question is presented. (Janin vs. London & S. F. Bank, 92 Cal. 14; Weinstein vs. National Bank, 69 Tex. 38, 6 S. W. 171.) Since in the present case there was no evidence, and no attempt to show, that the bank was injured or its rights affected by the delay, clearly the plaintiff is not estopped from recovery because of such delay.

The judgment of the court below will be affirmed.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

IN THE MATTER OF THE ONTARIO BANK AND THE BANK OF MONTREAL.

THIS is a case which was reported in the July issue of THE BANKERS MAGAZINE, on the delivery of judgment by the Court of Appeal for Ontario. An appeal was taken to the judicial committee of the privy council, and judgment was delivered on the first inst. Only brief cable reports are as yet available, but the judgment of the Court of Appeal for Ontario was sustained. In effect this judgment holds that the transaction, particulars of which are given in the July number, was not a purchase of the assets of the Ontario Bank and was a valid agreement under the bank act. The result is that the shareholders of the defunct Ontario Bank will be required in addition to losing all their holdings, to pay the sum of approximately one and a half million dollars under the double liability attaching to banks' shares under Canadian law. A full report of the judgment of the judicial committee of the privy council will appear next month.

CANCELLATION OF INSTRUMENT—COMPANY—WINDING-UP—MORTGAGE BY INSOLVENT COMPANY TO BANK TO SECURE EXISTING DEBT.

HAMMOND VS. BANK OF OTTAWA (O. W. R., p. 121).

Plaintiff, liquidator of the New Ontario Brewing Company, brought action to set aside a mortgage by the company to defendants, on the grounds (1) that it was made within three months preceding the commencement of winding-up proceedings; (2) that no by-law of the company was passed authorizing the mortgage.

SUTHERLAND, *J.*, held (15 O. W. R. 536 1 O. W. N., 519) that the consideration mentioned in the mortgage was proved to have consisted of an existing debt from the

company to the bank and that the bank was endeavoring to get security therefor. Plaintiff was entitled to succeed under s. 94 of the winding-up act. The by-law was not properly ratified and was without effect for the purpose of making the mortgage valid. Judgment for plaintiff as liquidator for the New Ontario Brewing Company, setting aside the mortgage, and the defendants to execute a discharge of it. Costs to plaintiff.

Court of Appeal held that the attack upon the mortgage failed and the appeal should be allowed and the action dismissed, but the circumstances were such as to invite enquiry and costs should not be allowed either party.

UPON petition presented on February 11, 1909, under the Dominion Winding-Up Act, the company was declared to be insolvent and liable to be wound up. Subsequently, the plaintiff was appointed permanent liquidator, and brought this action with the approbation and consent of the local Master of the Supreme Court of Judicature at North Bay. The mortgage in question was made and dated December 22, 1908, less than three months before, but more than thirty days after the commencement of the winding-up.

It was attacked on two grounds:—(1) That it was given voluntarily and without consideration or for a merely nominal consideration when the company was insolvent and with intent to give the defendants a preference over the other creditors of the company; and (2) that no by-law of the directors authorizing the mortgage was passed or confirmed by the shareholders.

The defendants, besides denying the allegations of the statement of claim, set up that the mortgage was given under pressure and for valuable consideration without knowledge of insolvency if such existed, and that the mortgage was duly authorized and executed on behalf of the company.

The learned trial judge held against the plaintiff on the first branch of his case, but decided the second in his favor.

The appeal to the Court of Appeal was heard by judges—C. Moss, *C.J.O.;* Garrow, MacLaren, Meredith and Magee.

Judgment (Sir Chas. Moss, *C.J.O.):* The further evidence is now before us, but in dealing with the appeal, it may be convenient to first dispose of the branch of the case upon which the plaintiff succeeded at the trial.

For some time prior to and on December 8, 1908, the brewing company was indebted to the defendants to the amount of $6,000 for money advanced in the ordinary course of dealing with them. Frequent demands for payment had been made by the defendants upon the company, with the result that the company agreed to secure the amount by mortgage upon their lands. On December 8, the directors met and passed a by-law, undoubtedly with the intention and for the purpose of implementing the agreement. But through some misconception, the by-law was so drawn as to contain much more than was necessary to express and give effect to the intention. The debt of the defendants at that time being an outstanding liability of the company, and the intention and agreement being to mortgage its real property, section 78 of the Ontario Companies Act gives the directors ample powers to do so, and all that was needed was that they should act under the powers vested in them by that section. But the by-law as passed contains a recital that section 73 of the Ontario Companies Act authorizes the directors of the company to borrow money for the purposes of the company.

This assertion of the powers of the directors was, of course, wholly unnecessary and besides was inapplicable, inasmuch as the directors were not about to borrow or give security for a present loan; but to secure by mortgage an existing liability. Putting aside this recital, the remainder of the by-law, though not very happily expressed, is not inapplicable in substance to the true purpose with which it was framed. It contains all that is necessary to authorize the preparation and execution by the president and secretary, of a mortgage to secure the liability for $6,000.

Is the presence of the first recital sufficient to prevent the by-law from hav-

ing effect and operation as authorizing a mortgage under sec. 78? To so hold is to completely nullify the by-law; for, by no construction can it be made to read as applying to any other transaction then on foot with the defendants requiring to be dealt with by the by-law. The only transaction calling for action by the directors towards the giving of a security was the agreement to give a mortgage to secure the existing debt. Unless the statement contained in the by-law that the company has borrowed $6,000 from the defendants is to be understood as meaning the previous advances and the liability for them, the statement is wholly untrue. So also with regard to the further statement that "the directors having borrowed the sum of $6,000 from the Bank of Ottawa, upon the credit of the company," which precedes the authorization to them to mortgage the company's real property for securing the same.

There does not appear to be any good reason for giving to a recital in a by-law of the directors of a company any greater force or effect than is to be given to a recital in an Act of Parliament, and with regard to that it has been said that "a mere recital in an Act of Parliament either of fact or law is not conclusive; and we are at liberty to consider the fact of the law to be different from the statement of the recital." (See Reg vs. Houghton [1853], 1 El. & Bl. 501 at 516.)

Here the first recital is true in law and in fact, but it has no relation to the actual transaction aimed at. And the other recitals are not untrue when taken in connection with the actual facts; but they would be treated as applying to a transaction of borrowing under sec. 73. The company had borrowed $6,000 from the defendants, not at the time when the by-law was being passed, but long previous thereto, and the directors (now deeming it necessary and expedient to give the defendants a mortgage to secure the $6,000) take steps for the purpose. Under sec. 78 the directors had power to do all the by-law authorized, and it ought not to be considered that the failure to refer to all the powers enabling them to do the act should render it nugatory.

Further, there is to be borne in mind the principle that this objection would not be open to the company, and that in this respect the plaintiff occupies no higher position.

The defendants having received a mortgage, apparently duly executed on behalf of the company, were entitled to assume that everything necessary to its valid execution had been regularly and properly done. There is a distinction between what directors have no power to do at all and what they have power to do, provided certain conditions are complied with, and whilst it is held that companies are not bound by acts of the former class, it is held that they may be bound by acts of the latter class in favor of all persons dealing with them bona fide without notice of irregularities of which they may be guilty. (Lindley on Companies, 6th ed., p. 213.) The instrument on its face appears to be proper and regular to effectuate the purpose for which it was agreed to be given and there is nothing to show that the defendants were aware of the so-called irregularities preceding its execution. Upon this branch of the case the learned trial judge's conclusion should be reversed and the instrument upheld.

Then comes the question upon which the learned trial judge held in the defendants' favor. The mortgage having been made within three months next preceding the commencement of the winding up, there is a presumption that it was made with intent to defraud the company's creditors. But the presumption is not a conclusive or irrebuttable presumption. It places upon persons, whether creditors or not, to whom a mortgage is given within the prescribed limit of time, the onus of showing the absence of intent to defraud the creditors of the company. So far as the sections of the Winding Up Act, relating to voluntary and fraudulent conveyances and other dealings are concerned, the law remains as enunciated in the case of Lawson vs. McGeoch (1893) 20 A. R. 111. It was open to the defendants to

overcome the statutory presumption of intent, and, as the authorities have settled, the intent of the debtor alone to defraud is not sufficient. It must be the conjoint intent of the debtor and creditor; and the intent to prefer is in general overcome when it is shown that the giving of the mortgage or other security was not the mere voluntary act of the debtor.

The learned trial judge was of opinion, upon the evidence, that the defendant had sufficiently discharged the onus of rebutting the presumption of intent to defraud. This conclusion is greatly strengthened by the further evidence. The result of the whole testimony is that the mortgage was the outcome of repeated demands made upon the company by the defendants—who were dissatisfied with the state of the account—accompanied on more than one occasion by a threat of proceedings, which were held in abeyance in consequence of the promise on behalf of the company that a mortgage would be given.

There is some conflict between the testimony of the plaintiff and the defendants' manager at North Bay with regard to a conservation between them after the company was put into liquidation. The plaintiff deposed that at an interview between them the manager stated that the defendants did not want the mortgage; that it was thrust upon them by the company of its own accord, or words to that effect. The manager denied having had any conversation with the plaintiff concerning the mortgage.

The testimony of Mr. C. Eaton, who gave his evidence with great fairness and candor, while going to prove the fact of a conversation, makes it evident that the statement attributed to the manager by the plaintiff that the mortgage was thrust upon the defendants, or given of the company's own accord, was not made. All that can be said is that very likely the manager expressed indifference as to whether or not the defendants were entitled to retain the mortgage as a security. However, the discrepancies between the testimony of these gentlemen are not sufficient to displace the positive evidence of the manager and Mr. McGaughey, as to the circumstances leading to and attending the giving of the security.

The attack upon the mortgage fails, and the appeal should be allowed and the action dismissed, but the circumstances were such as to invite inquiry and we may properly say that it is not a case in which any of the costs of the litigation should be awarded to either party.

Hon. Mr. Justice Garrow, Hon. Mr. Justice MacLaren and Hon. Mr. Justice Magee concurred.

Hon. Mr. Justice Meredith: The learned judge erred, I think, in holding that the transaction in question came within the provision of secs. 73 and 74 of the Ontario Companies Act. Those sections relate to borrowing money and issuing bonds, debentures or other securities; and the creating and issuing of preference stock, and the conversion of preference shares into common, etc., in certain companies.

Section 78 of the Act gives power to the directors to mortgage the company's property to secure—among other things—"any liability of the corporation."

At the trial, it was admitted that the debt which the mortgage was given to secure was a valid liability of the company. The mortgage having been given for a liability of the company, section 78 applies, and there is nothing in sections 73 or 74 affecting it. If the provisions of sections 73 and 74 had not been observed in borrowing the money which created the liability, there might be no liability, but no such case was made, a valid liability was admitted, that is an admission in effect that if sections 73 and 74 applied to such borrowing they had been complied with.

The by-law properly interpreted does not purport to have been passed under section 73; but, if it had, the right which the directors had, not that which they may have thought, or asserted, that they had, ought to prevail.

The case is not one within section 94 of the Winding-Up Act; there was valuable consideration, the existing liability and "pressure."

Since the foregoing opinion was written, further evidence has been adduced, which not only confirms the finding that the mortgage was not a voluntary conveyance and security, but proves that it was the outcome of a very considerable pressure and that a further consideration, a new "line of credit," was given for it.

BILL OF EXCHANGE—ACCEPTANCE FOR ACCOMMODATION OF THIRD PERSON—EVIDENCE—ADMISSIBILIY—REJECTION AT TRIAL—ADMISSION BY AFFIDAVITS ON APPEAL—INDEMNITY—IMPLIED CONTRACT—COUNTY COURT—JURISDICTION—REMOVAL OF ACTION INTO HIGH COURT—COSTS.

FARROW VS. MCPHERSON (2 O. W. N., p. 70).

THIS was an appeal from the judgment of the County Court of Carleton in favor of the plaintiff in an action to recover $525, brought by the acceptor of a Bill of Exchange, who alleged that he had accepted the bill at the request and purely for the accommodation of the defendant. The appeal was heard by the Divisional Court and the facts are fully set out in the judgment of Mr. Justice Riddell.

JUDGMENT (FALCONBRIDGE, *C.J.;* BRITTON and RIDDELL, *J.J.):* The plaintiff resided in Ottawa. One Millar, brother-in-law of the defendant (who resides in Stratford), came down with a stock proposition and asked the plaintiff to help him to start a company. The plaintiff did so, and introduced him to another person, who supplied $1,000, apparently to float the company. Millar then asked the plaintiff to allow him and the defendant to make a draft on the plaintiff for $1,500. Millar said that "he and McPherson were in together." The plaintiff did not accede to this request. He then said: "You know McPherson is good; allow me to put through one for $750, and McPherson for $750." The plaintiff knew both Millar and the defendant, and knew that they had been in deals before this together—and, without making any inquiry of or any communication to the defendant, but accepting Millar's statement, he agreed to accept the drafts. The plaintiff denies at first that he had business dealings with Millar, and says that he was only helping him as a friend, but subsequently says that he was to get $1,000 (at first he thought in cash) for introducing Millar to various gentlemen to whom he might sell stock. As he did not get cash, he got $1,000 in stock, but this apparently was after the acceptance of the drafts.

There is no evidence that the defendant and Millar were in this deal together, and the defendant specifically denies it—of course the statements of Millar to the plaintiff are not evidence against the defendant. At the trial the defendant was not allowed to give evidence of the circumstances under which he made the draft upon the plaintiff. This ruling was clearly wrong; and we have received evidence upon affidavit, without objection, showing what the facts were. The defendant was aware that Millar and the plaintiff were acting together in the sale of stock, and in January, 1908, he was informed by Millar that the plaintiff was collecting considerable sums of money on joint account for the stock, and Millar asked him to assist him financially. Millar told him to draw on the plaintiff for $500, which he did; and he gave all the proceeds to Millar; and this draft was paid at maturity.

Then in February, 1908, Millar asked the defendant again to help him. At Millar's direction the defendant drew on the plaintiff for $750, and gave Millar the proceeds, $748.15; the draft was not paid, but to retire the unpaid draft, a new draft was, at Millar's direction, made at one month; this was accepted, but not paid; and on March 31, at the instance of Millar, the draft in question was made to retire the previous renewal draft. This was unpaid.

The bank claimed from the plaintiff, and, after some negotiations, the plaintiff settled with the bank for $500,

and sued the defendant for this amount and twenty-five dollars paid to his own solicitor.

This action was brought in the County Court of Carleton, and was tried before His Honor Judge Gunn, junior judge of that court, without a jury, on June 24, 1910. The learned judge found for the plaintiff, and directed judgment to be entered for the plaintiff for $500, interest and costs. No written reasons were given, and we are informed that no reasons were given by the learned judge for his decision.

Upon the appeal it was agreed by all parties that the case should be removed *nunc pro tunc* into the high court and treated as though it had been tried by the county court judge for a high court judge.

The right of action is in such a case upon the implied contract of the party for whose accommodation a bill of exchange was accepted, to indemnify the accommodation acceptor in case he is obliged to pay.

It is necessary to prove that the bill was accepted for the accommodation of the defendant; and it is not sufficient that it be accepted for the accommodation of some one else. Here not only the evidence of what took place when the arrangement was made between Millar and the plaintiff for the drawing of the bill by the defendant, but also the letters of the plaintiff subsequently, show clearly that it was for the accommodation of Millar, and not of the defendant, that the bill was accepted.

I am of opinion that the judgment is wrong, and should be reversed with costs and the action dismissed with costs. As the point as to the jurisdiction of the county court to deal with this action was not raised, the costs should be on the county court scale.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

OBLIGATION OF INDORSER OF CHECK WHERE DISCREPANCY BETWEEN WORDS AND FIGURES OF AMOUNT PAYABLE

Editor Bankers Magazine:

Sir: A check properly dated is drawn on The National Bank of Long Beach by "John Doe," in favor of "Richard Roe." The figures read "$800.00;" the body of the check in writing reads "Eight Dollars."

"Richard Roe" writes across the back of the check, "The amount of this check guaranteed to be $800.00," and signed it "Richard Roe." The check is passed on to his bank in the East and through a series of banks it finally reaches us.

Do the endorsing banks, by the mere act of endorsement, guarantee the amount of the check as guaranteed by "Richard Roe," and if we pay the check, have we recourse on the banks, provided our customer shows that the check should only be for $8.00, or must we look direct to "Richard Roe"?

Wm. M. Cook,
Assistant Cashier.

Answer: An indorser who indorses without qualification, engages that if the paper shall not be paid by the maker or acceptor, he, the indorser, will pay it according to its tenor; that is to say, according to its terms. (See Benn vs. Kutzschan, 24 Oregon, 28.) But the figures in the margin of the instrument are regarded as simply a memorandum or abridgement for convenience or reference and form no part of the instrument. (Smith vs. Smith, 1 R. I. 388; Norwich Bank vs. Hyde, 13 Conn. 281; Schreyer vs. Hawkes, 22 Ohio St., 308.) The history of the use of such figures was explained in the English case of Garrard vs. Lewis (L. R. 10 Q. B. Div. 30, 32) as follows: "They do not seem in general to have been considered among merchants as of the same effect and value as the mention of the sum contained in the body of the bill. The history of these marginal figures may perhaps be shortly summarized as follows:—The first model of a bill of exchange preserved to us, and which dates from 1381, does not, I believe, possess them, though it does possess the

nature or vocation with which merchants' bills used generally to commence, and which usually preceded the figures. The marginal figure at the head of a bill was probably added at a very early date, in order that the amount of the bill might strike the eye immediately, and was in fact a note, index or summary of the contents of the bill which followed."

Hence, in the case stated, if nothing more appeared, each indorser would be bound to pay the sum named in the body of the check, viz., eight dollars. Nor is the case altered by the fact that one indorser has seen fit to extend his obligation beyond this; for each indorsement is a separate contract, standing apart from that made by the drawer or any other indorser. (Chemical Nat. Bank vs. Kellogg, 183 N. Y. 92, 94.) In other words, the contract by one indorser is the express obligation assumed by him, while the obligations of the other indorsers are only those that the law implies.

TRUST COMPANIES

Conducted by Clay Herrick

NEW YORK TRUST COMPANIES

THE combined reports of the trust companies of New York City, as of August 31, 1910, show a loss in aggregate resources of $137,670,042, as compared with the statements of a year before, September 14, 1909. The principal items compare as shown in the following table:

LIABILITIES.

	Sept. 14, 1909	Aug. 31, 1910
Capital	$61,675,000	$65,656,000
Surplus and profits, market value	163,689,689	172,728,334
Surplus and profits, book value	....	....
Preferred deposits—Due State savings banks	35,624,692	33,214,147
Due State savings and loan associations	434,789	377,958
Trust deposits not payable within 30 days	28,200,691	33,149,595
Due as executor, administrator, guardian, receiver, trustee, committee, etc.	22,974,213	35,740,996
Deposits preferred because secured by unmatured bonds of the State	4,378,623	6,102,000
Other deposits preferred because of pledge of part of trust company assets	6,442,245	3,855,398
Deposits otherwise preferred	4,944,837	1,463,327
Deposits subject to check (not preferred)	814,808,739	762,442,532
Certificates of deposit on time and demand (not pref.)	81,136,510	61,866,402
Time deposits not payable within 30 days, represented by certificates, etc.	133,925,128	70,425,130
Due trust companies	112,647,019	92,743,726
Due banks and bankers	....	....
Total of all deposits	$1,245,517,486	$1,101,381,211
Borrowed money	$672,460	944,000
Preferred liability as executor, etc.	....	....
Other liabilities	41,867,332	35,042,380
Grand total	$1,513,421,967	$1,375,751,925

RESOURCES.

	Sept. 14, 1909	Aug. 31, 1910
Bonds and mortgages	$69,203,287	73,367,196
Stock and bond investments—		
Public securities	75,182,192	71,385,258
Other securities	268,246,371	261,721,097
Loaned on collaterals	627,481,274	484,160,420
Loans, not secured by collateral	6,347,849	9,324,052
Other loans and bills purchased	....	....
Bills purchased	98,016,079	106,595,490
Overdrafts	126,285	113,170
Real estate	22,205,844	25,355,464
Due from approved reserve deposits, less offsets	116,699,223	126,815,411
Due from trust companies, banks and bankers, not included in preceding items	66,901,581	54,674,654
Specie	124,903,213	114,865,369
U. S. legal-tenders and bank notes	13,939,537	12,391,586
Bills and checks for the next day's exchange and other cash items	724,274	592,448
Investments held as executor, etc.	....	....
Other assets	23,414,913	34,390,310
Grand total	$1,513,421,967	$1,375,751,925

The year has seen several changes in the relative size of the companies. Through its consolidations the Guaranty Trust Company has passed the Farmers' Loan & Trust Company in point of size, and now ranks as the largest trust company in the country. The following table gives a list of the trust companies in Greater New York, arranged in order of size, with their aggregate resources on August 31, 1910:

1	Guaranty Trust Company	$161,312,881
2	Farmers' Loan & Trust Co.	129,827,555
3	Central Trust Company	88,644,946
4	Bankers' Trust Company	81,692,484
5	United States Trust Company	78,323,857
6	Union Trust Company	68,348,058
7	Mercantile Trust Company	64,449,002
8	U. S. Mortgage & Tr. Co.	60,273,482
9	New York Trust Company	58,174,562
10	Equitable Trust Company	48,957,836
11	New York Life Ins. & Tr. Co.	47,516,189
12	Knickerbocker Trust Co.	42,105,709
13	Title Guarantee & Tr. Co.	39,893,491
14	Trust Company of America	34,924,781
15	Metropolitan Trust Company	34,189,326
16	Lawyers' Title Ins. & Tr. Co.	23,860,362
17	Empire Trust Company	20,414,116
18	Manhattan Trust Company	19,121,268
19	Standard Trust Company	16,403,210
20	Astor Trust Company	16,189,499
21	Columbia Trust Company	15,745,533
22	Franklin Trust Company	15,022,479
23	Lincoln Trust Company	12,633,552
24	Washington Trust Company	11,961,633
25	Carnegie Trust Company	10,976,324
26	Mutual Alliance Trust Co.	10,155,087
27	Fulton Trust Company	8,907,064
28	Fidelity Trust Company	8,592,511
29	Van Norden Trust Company	8,393,870
30	Windsor Trust Company	8,322,187
31	Commercial Trust Company	5,891,539
32	Broadway Trust Company	5,238,443
33	Hudson Trust Company	4,823,520
34	Guardian Trust Company	4,489,285
35	Savoy Trust Company	2,556,712

OFFICERS OF TRUST COMPANY SECTION

THE trust company section of the American Bankers' Association continues to be happy in the selection of its officers, and for the coming year will be in the hands of an able and energetic body of men who maintain high ideals of their profession. Oliver C. Fuller, president of the Wisconsin Trust Company of Milwaukee, was promoted from the position of first vice-president to that of president; and Lawrence L. Gillespie, vice-president of the Equitable Trust Company of New York, from that of chairman of the executive committee to that of first vice-president. Both of these gentlemen have proved their fitness by work already done for the section. The new chairman of the executive committee is F. H. Fries, president of the Wachovia Loan & Trust Company of Winston-Salem, N. C., prominent in Southern

banking circles, and for many years a faithful worker in the section, and a frequent speaker at its meetings. The new members of the executive committee are: J. C. Drake, president of the Los Angeles Trust & Savings Bank, Los Angeles, Cal.; W. C. Poillon, vice-president The Mercantile Trust Company, New York; Roland L. Taylor, president The Philadelphia Trust, Safe Deposit & Insurance Company, Philadelphia; E. E. Foye, of The Old Colony Trust Company, Boston; Isaac H. Orr, trust officer The St. Louis Union Trust Company, St. Louis.

TWENTY FRUITFUL YEARS

TWENTY years is not a great age, but there are only a few trust companies much older than that in the middle West, and indeed twenty years measures the period during which the trust company has been an important factor in our financial circles. In October, the Mississippi Valley Trust Company of St. Louis celebrated its twentieth anniversary. The company began its career on October 3, 1890, its president then being Julius S. Walsh, now chairman of the Board, and its secretary, Breckenridge Jones, who is now president. Its resources now exceed $27,000,000, while its influence on the prosperity of the community has been large. "The Globe-Democrat" says: "The company has assisted in the construction of six important railroads, all serving St. Louis. It has developed a new wholesale section and two new residence districts in St. Louis, besides large suburban subdivisions. For the past ten years it has been depositary for three-fourths of the public moneys of the State of Missouri and also for part of the funds of the city of St. Louis." This reference calls attention to the fact that the trust companies of St. Louis have made much of their real estate departments, whose relative importance is greater than that of trust companies elsewhere.

The Mississippi Valley Trust Company is to be congratulated especially upon the conservatism of its management and upon the high ideals it has followed as to the responsibility of the trust company as a fiduciary institution.

FOREIGN BRANCHES

AN opinion rendered in July last by Attorney-General O'Malley of New York, in response to an inquiry by the State Superintendent of Banks, O. H. Cheney, has necessitated the amendment of the charters of several New York trust companies. These companies have been maintaining branches in European cities, especially London and Paris, and some of them desire to include other European cities, including Berlin and Rome. It is understood that they have developed quite a large business abroad. The decision above noted shows that neither the companies chartered under the general banking law nor those existing under special charters have authority to conduct such foreign branches (except the Guaranty Trust Company, whose amended charter gave authority to maintain a branch in London). The companies affected, including The Farmers' Loan & Trust Company, The Trust Company of America, The Guaranty Trust Company and The Equitable Trust Company, are meeting the problem by amendments to their charters. The question came upon investigation by Superintendent Cheney regarding the examination of the foreign branches.

SAVINGS DEPOSITS

VARIOUS questions relating to savings deposits continue to hold the field of discussion in all parts of the country. An interesting feature of the matter is that to-day all classes of banking institutions are interested in these questions. The Maryland Bankers' Association recently appointed a committee to investigate the matter of interest on deposits, the committee including representatives of trust companies, national banks, State banks and savings banks with and without capital stock.

Presumably interest on savings deposits will demand a considerable part of the committee's attention. With the growing custom of the maintenance of savings departments by national banks, and the still more prevalent custom of carrying commercial accounts in trust companies and stock savings banks, the lines of divergence between classes of financial institutions are fast disappearing.

It appears that in Vermont the trust companies are giving the mutual savings banks a hard struggle to keep up in competition for savings deposits. In a recent editorial "The United States Investor" discusses the situation at length, and concludes that the State legislature should give attention to the matter. It calls attention to the fact that the trust companies have the advantage in the competition, in that their officials have an interest in building up the business that is lacking in the case of the officers of the mutual savings banks. The latter have no stockholders who look for dividends, and their directors give their services. It thinks that the trust companies are likely to outstrip the savings banks in the race for deposits, and says: "They may bring about the ultimate retirement of mutual banks from business by hastening the day when business men will be unwilling to donate their services to a savings bank, because it has for its competitor another type of savings bank where the management and directors do obtain some profit from the enterprise."

Attention is called to the large dividends made by some of the trust companies in the State, in spite of the small margin of earnings over the four per cent. paid depositors, because of the deposits being very large as compared with capital stock. Several companies have savings deposits in excess of one million dollars, while their capital stocks are only $50,000. An instance is cited of a trust company having $2,700,000 of savings deposits besides $160,000 of commercial deposits,—a total of more than fifty-seven times its capital stock of $50,000. The suggestion is made that legislation may be needed to require a ratio of capital to deposits that is more in keeping with real conservatism.

PRACTICAL BANKING

KEEPING A RECORD OF OPEN AND CLOSED ACCOUNTS

By Edgar G. Alcorn

SOME banks do not keep any record at all of "Accounts Opened," "Accounts Closed," and "Overdrafts." It cannot be possible that they consider it "too much work," or that the advantages gained therefrom are not sufficient to justify the time and trouble, for all the labor required to keep a permanent record of all three accounts is hardly worth consideration.

No doubt the true reason for a bank's neglect in this matter is that they do not see any particular advantage in keeping such records. In small banks the individual bookkeeper and cashier are usually familiar with the individual accounts, and when a new account is opened, which is a rare occurrence in such banks, the officers of the bank are naturally acquainted with the fact. In some of the larger banks the custom is for the bookkeeper to merely "mention" the fact, although he may not always remember to do so, and consequently the cashier may have no knowledge of the matter for some time afterwards. He

ACCOUNTS OPENED

DATE________________

NAME	ADDRESS	AMOUNT	BUSINESS

Figure 1

may discover it then only when looking up some other account, or when looking over the ledger balances.

Some bookkeepers keep a record of their overdrafts on a little slip of paper, simply checking them off as they are made good. Others trust to their memories entirely, and only mention those of any size to the officers. It is quite an advantage to the bookkeeper himself to keep a daily record of overdrafts. Whenever the comptroller or State banking department call for a statement he has the overdrafts at hand, while otherwise he would have to go through his ledger to secure them; and as the statement generally calls for the overdrafts for a particular date several days previous to the day the statement was received, it is quite a tedious job. Of course one may guess at it, but he may not always make a good guess.

Banks who keep a record of these accounts usually use blank statement sheets ruled particularly for the purpose. These sheets are about six and one-half inches wide by eight inches long, and are perforated at one end so that they can be placed in a binder.

For instance, Figure 1 shows the

ACCOUNTS CLOSED

DATE________________

NAME	ADDRESS	Date Opened	BALANCE	AVERAGE BALANCE	BUSINESS

Figure 2

ruling of the sheets for "Accounts Opened." The date is written at the upper right-hand corner, the names of the new accounts are entered in the first division, the address in the second, the amount in the third, and the business or occupation of the person in the fourth.

The ruling of the "Accounts Closed" sheets is shown by Figure 2. This simply shows the name of the account, the amount of his balance when the account was closed, the date the account was opened, his average balance, and also gives space for memoranda in the last column.

Figure 3 is the "Overdraft" sheet. It gives a record of the date, the name, the address, and the amount of the overdraft.

Some banks may have some other methods of keeping a record of these accounts. We have found that about the most convenient way of any is to use spoiled or uncalled for pass books. The individual bookkeeper uses three books. One he labels "Accounts Opened," one "Accounts Closed," and the other "Overdrafts."

For each entry in these books the spaces across the two open pages are used. The date is entered in the middle of the page with a rubber stamp.

OVERDRAFTS

DATE__________________

NAME	ADDRESS	AMOUNT		AVERAGE BALANCE		REMARKS

Figure 3

In the book for "Accounts Closed" the record would be about the same as that on the statement sheets. Instead of recording the highest balances of the accounts, however, it will be found more advantageous to give the average balances.

Besides the great advantage to the individual bookkeeper himself in keeping a daily record of these accounts, in that it avoids the necessity of going through the entire ledger to secure information which may be called for at any time, it furnishes a convenient and important record for the use of the cashier.

Of Benefit to the Cashier.

At the end of the day's posting the bookkeeper lays the books on the cashier's desk, and the first thing that officer does the next morning is to look them over carefully. From the book of "Accounts Opened" he will know at once what new accounts have been opened, and thus the opportunity is given him to write a polite note to the new depositor, thanking him for his business and expressing assurance that the business relation thus established between them will always be satisfactory and pleasant.

ACCOUNTS OPENED DATE ____________

NAME

ADDRESS

DEPOSIT $

REMARKS ____________

Figure 4

By having a daily record of those who have closed their accounts he has the opportunity of writing them a courteous note, expressing his regret that the depositor has closed his account and hoping it is not because of any dissatisfaction, as it had always been the policy of the bank to treat their customers with the utmost consideration and liberality. Such thoughtfulness has often been the means of bringing back a good customer, who had withdrawn simply through some misunderstanding.

The cashier is also enabled to keep a line on the customer who habitually overdraws his account, and to notify all others promptly to make their accounts good. It is the only way to keep the ledger rid of these annoying little accounts.

Advantages of the Card System.

Still another method used by some banks of keeping an intelligent record of opened and closed accounts is the card system, it is needless to use the vantageous particularly to banks con-

ACCOUNTS CLOSED DATE ____________

NAME

ADDRESS

AVERAGE BALANCE $

REMARKS

Figure 5

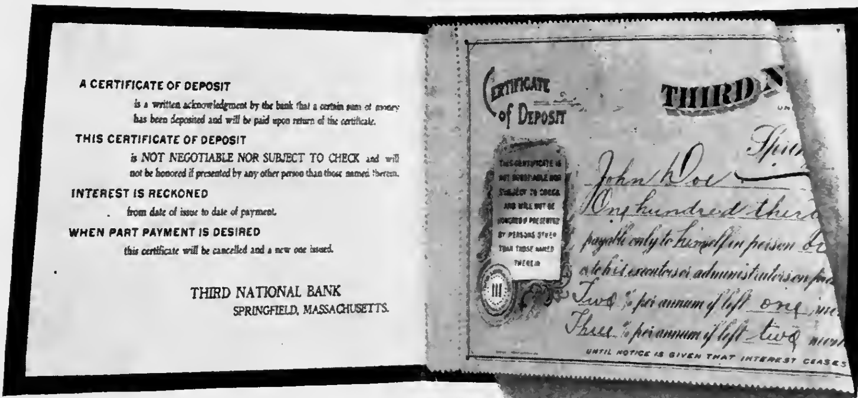
ducting an advertising campaign. It affords a good way of showing whether or not new accounts have been secured through any particular line of advertising. Figures 4 and 5 show the form of the cards that may be used. These forms need no further explanation.

If a bank keeps a record of its advertising, however, by means of the card system, it is needlees to use the same system for keeping the open and closed accounts. In keeping the card system, a bank of course has a list of prospects, and on the cards is kept a record of all advertising matter sent out. If a prospect is secured as a depositor, his card is removed from the list of prospects and filed with the depositors' list. Before they are filed, however, these same cards may go to the cashier and be used by him at directors' meetings to show what accounts had been opened since the previous meeting.

If an old account is closed the card is simply removed from the files of active accounts, and after passing through the hands of the cashier in order to give him the opportunity of making an effort to have the account reopened, it is filed with the prospects, or destroyed, if no longer considered of any value as a prospect.

A UNIQUE CERTIFICATE OF DEPOSIT

THE accompanying illustration shows a form of certificate of deposit recently adopted by the Third National Bank of Springfield, Mass., which has proved very successful. The idea, which is one of many originated by Mr. A. J. Skinner, assistant cashier of this bank, takes into consideration the natural desire of many small depositors to have some kind of a book. The certificate of deposit is made up with a gummed flap which is pasted in the cover, which can be carried in the pocket if desired. The certificate as shown specifies the rate of interest which will be paid if the money is left on deposit for one month or more. It is also made payable to the owner in person if desired, so that it becomes non-negotiable.



A unique Certificate of Deposit. It has a gummed flap and is pasted in a cover which can be carried in the pocket

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Church—According to statistics, there are in the whole world 9,600,000 telephones.

Gotham—And when you consider that great number isn't it queer that the very one you want is always busy?—*Yonkers Statesman.*

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

SURPLUS AND DIVIDENDS

AN ANSWER TO JOHN HARSEN RHOADES

By Charles E. Sprague

IN the earlier stages of the development of savings bank law in this State there was no compulsion to keep any surplus whatever. There was a permission conferred upon the trustees to accumulate a surplus of not exceeding fifteen per cent.—an impossible standard, never yet reached in any case.

There was also a provision that the trustees voting for a dividend in excess of the "interest or earnings" should be liable to repay the excess. This would have prevented them from using up all the surplus, but the Court of Appeals decided that this means all gross earnings, allowing nothing for expenses.

Against such a law it was difficult to offend, especially as the only provision for computing the surplus was one striking out from the assets all premiums and recognizing all discounts as valid, which made all values appear at the minimum.

So the matter stood until 1908, when amendments were adopted which partly remedied the laxity of the law. The trustees were required to deduct, before declaring a dividend, the amount necessary for two purposes; amortization and expenses. This amendment was one step in the right direction although it did not accomplish all that might have been done. Reforms cannot usually be brought about at one blow. Several things remained and still remain.

It therefore seems a little harsh for J. Harsen Rhoades to have characterized the amortization law as a "delusion and a snare," although he does not state who was deluded or ensnared. He censures this law because it does not also legislate on something else not necessarily pertaining to amortization. As well blame a pure food law for not preventing automobile accidents.

To show how much worse the conditions were before the amortization amendment, we may point out that in the old times a seven per cent. bond, even if bought at a three per cent. basis, was considered to produce the entire seven per cent., and in calculating the dividend this is included. The result was that at the maturity the premium was gone and the surplus depleted by that much.

I quite agree with Mr. Rhoades that there should be a required contribution to surplus, and I would restrict the dividend rate in an institution having less than a minimum. This, however, has nothing to do with amortization—the same defect has occurred in the savings bank law ever since 1875 and exists still; it might have been remedied earlier but was not. Why lug in amortization as the *fons et origo mali?*

Mr. Rhoades is uninformed or misinformed as to the genesis of the amortization movement, which he believes to have been introduced in 1908 for the purpose of bolstering up market surpluses which were weakened by the fact that there was actually no market whatever. The report for December 31, 1907, was all made up and turned in before the amortization amendment was introduced, and when printed, that report contained no reference to investment values.

As a matter of fact, the subject of amortization was broached in 1903 in a paper before the New York State Savings Bank Association, although well-known already to many. In 1906, a sub-committee of the executive committee of the association considered the subject carefully and reported favor-

ably upon it. Mr. Kilburn, the Superintendent of Banks, was considering plans for having the banks report their investment values, which action did not require any legislation, but was perfectly legal under his general powers. Clark Williams, who succeeded after Messrs. Keep and Mott, was strongly in favor of the amortization principle, but preferred to introduce it through legislative process. The reports for January 1, 1908, were based on alleged "market values," just as they had been ever since 1875.

So far from the amortization principle inducing extravagance, it may be shown that the lack of amortization permitted over-declaration of dividends for many years. As the surplus was inflated by a rise in the market, trustees having no accurate knowledge of the profits said, "We have *made* so-and-so much," and divided accordingly.

There were also two other causes for the depletion of surplus; one, the rapid increase of deposits, and the other, the iniquitous franchise-tax imposed in the time of Odell.

Mr. Rhoades is right in saying that the surplus should be proportionate to the deposits; I should not say a "*fixed* ratio," but a ratio within limits. But a standard method for computing the surplus should be adopted.

There never was a word in the law prescribing the market value as the basis of surplus, and Mr. Rhoades is entirely wrong in saying this was "abrogated" and the investment value substituted. The only clause specifying the componency of the surplus is Section 124, and that has never been employed in the published reports.

My recommendations for amendment of the law would be as follows:

1. It should be the *duty* of the trustees to accumulate at least six per cent. surplus.

2. Unless six per cent. surplus is held it should be forbidden to pay more than three and one-half per cent. interest.

3. No superior limit of fifteen per cent. is necessary or desirable, nor any extra dividends.

4. The official surplus should consist of the investment value minus *one-fifth* of the excess, if any, of the investment value over the market value, as shown at the previous report.

No. 4 is based upon the fact that no savings bank has been known to sell even as much as one-tenth of its bonds to provide money for paying its depositors, in any time of financial distress. There can be no loss without a sale; bonds which go on to redemption, gradually amortizing but without selling, never incur loss. It is only those bonds that are sold that cause loss. I have, therefore, taken twice the proportion that have ever been sold as a thoroughly safe margin against the contingency of a forced sale.

It is very curious to see what misapprehensions as to the nature of the surplus exist in the minds of some intelligent persons. One delusion is the belief that the depositors "never get it," whereas every depositor has been receiving the income of the surplus as part of the interest credited him. If the deposit is $100 and the assets are $108, the eight dollars is earning at the same average rate as the $100, and evidently the earnings are greater than if there were no surplus of eight dollars. Suppose the earnings after paying expenses to amount to three and one-quarter per cent., the additional eight dollars would increase them to 3.51 per cent.; each depositor is receiving over one-fourth of one per cent. which his money has never produced. If he continues a depositor, he receives this benefit; if he withdraws, he has no claim to take with him that to which he has contributed very little. The surplus is not something of which present depositors are deprived, but a source of revenue which is gratuitously afforded them.

If all investments were for short times, as mortgages are, surplus would be less necessary; but in purchasing securities, the bank must discount amounts receivable many years hence at rates which seem at the moment fair but which will go up and down many times before

maturity, and from the nature of things the depositors will insist on the return of their money most frequently and urgently at the moment when the rate is high and the value of principal is correspondingly low. This is the fallacy in declaring high dividends when market values are high, for that is merely another way of saying that income-rates are low.

Market-values are of absolutely no value for deciding the rate of interest-dividend; *except* to guard against the one contingency of sudden demand for cash, and one-fifth of the depreciation is sufficient for this.

POSTING AND PROVING METHODS

By W. H. Kniffin, Jr.

IN the present paper it is proposed to demonstrate by concrete citations how the fundamental ideas embodied in the articles on posting and proving methods in THE BANKERS MAGAZINE for October, 1910, and the suggestions on proof of cash offered in the article on the teller and his cash in the September number, are carried out in different institutions.

At the risk of appearing presumptuous, the writer wishes to go on record as an advocate of the teller's cash sheet in whatever form the bank may elect, as long as it provides a quick and accurate test of the day's work. This can only be accomplished by eliminating all needless details, and confining the work to the listing of account number and amount of deposit or draft. Likewise no better foundation for the proof of posting can be laid than the coupon system, in whatever form it may be adopted as long as it will prevent wrongful posting and wrongful grouping, each of which is of equal importance. The underlying ideas in the coupon system are the grouping of the accounts and "blind" proving, as discussed in the previous paper on this subject. The grouping is well nigh universally practiced, and the blind checking should be. The use of the journal is mainly to assemble the totals, and provide a more permanent record than loose sheets afford. Where the force is large enough to pass the transaction through the distribution clerk, and at the same time make a journal entry, while the depositor is waiting, as in the case of the Bowery, given below, so much the better; but in many banks this would be impossible, and simpler methods must be found.

Correct posting is important—vital, but correct grouping is essential if the nerve-racking work of long and tedious checking back at trial balance time is to be avoided. And the eyes of the savings bank man are usually focused upon the testing time, which, thanks to better methods, is being robbed of its terrors.

THE BOWERY'S METHOD.

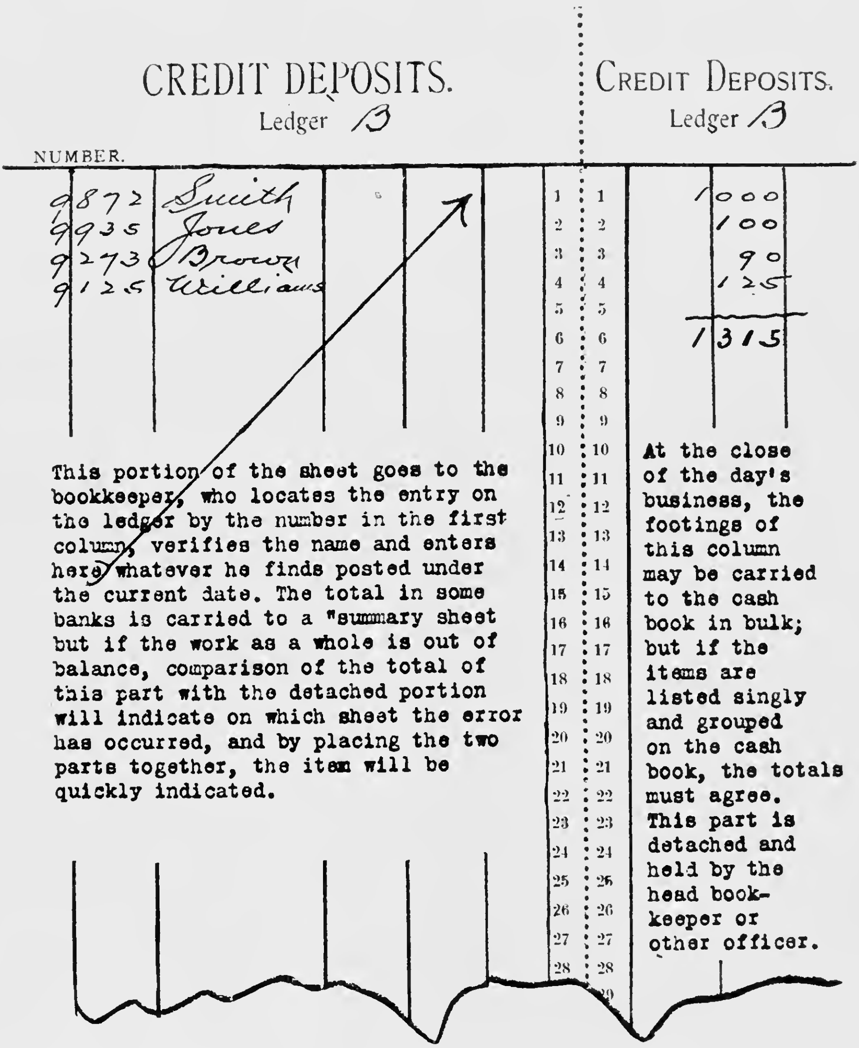
A very clear idea of the procedure in a large savings bank may be obtained from the following description of a transaction in the Bowery Savings Bank, from the pen of its comptroller, Mr. William E. Knox:

"The *new* depositor is directed to the receiving teller's window, and hands in his money. The teller asks him the amount of his deposit, and finding it correct, enters it upon a card, and on the same card notes the replies to the following questions: 'What is your business, your residence, your father's name, mother's name, wife's or husband's name, nationality,' and in the case of a minor, 'Your age?' On the card the depositor's signature is afterwards taken, and it is used as an identification card so long as the account remains open. The teller passes this card along to a clerk who enters on the cash book (this takes the place of the teller's cash, which it really is) the number of

the account, the name of the depositor and the amount of the deposit. The same clerk enters the number of the deposit on what is known as a classification slip (similar to Form 1), and at the end of the day's work, the footing of the cash book, the aggregate footings of all the classification slips, and the amount of cash received by the teller must agree.

"The classification slips referred to are so called because the transactions of the day are arranged and classified on them in groups corresponding to the ledgers to which they are afterwards to be posted, each ledger having a slip corresponding to it in number.

"After the deposit tickets are entered on the cash book, they are immediately arranged on the classification slips, which are sheets about the size of foolscap divided into four columns—the first column being for the number of the account, the second for the name,


CREDIT DEPOSITS.
Ledger B

NUMBER.				
9872	Smith			
9935	Jones			
9273	Brown			
9125	Williams			

This portion of the sheet goes to the bookkeeper, who locates the entry on the ledger by the number in the first column, verifies the name and enters here whatever he finds posted under the current date. The total in some banks is carried to a "summary sheet but if the work as a whole is out of balance, comparison of the total of this part with the detached portion will indicate on which sheet the error has occurred, and by placing the two parts together, the item will be quickly indicated.

CREDIT DEPOSITS.
Ledger B

1	1000
2	100
3	90
4	125
5	
6	1315

At the close of the day's business, the footings of this column may be carried to the cash book in bulk; but if the items are listed singly and grouped on the cash book, the totals must agree. This part is detached and held by the head bookkeeper or other officer.

Form 1—The basis of the coupon system of posting and proving. The form given does not prove the correctness of the ledger extensions. For this see the preceding number. This simply distributes the items among the ledgers and proves the correctness of the posting

the third being for the present left blank, and the fourth for the amount of the deposit. The last column is separated from the rest of the sheet by perforations, and after the proof of the day's cash receipts has been made, this column is torn off, leaving on the main sheet only the number and name of the depositor and a blank column. The bookkeeper takes the sheet to the proper ledger, turns up the account recorded, and puts down in the blank column the amount which he finds posted—*the postings having been previously made from the ticket.*

"Each bookkeeper checks out the postings on another man's ledger and enters on a sheet, known as the 'Summary' (Form 2), the total of all the postings in the ledger. When the postings have all been checked out, and the results entered on the 'Summary' the entries are compared with the coupons, and any error in posting is at once detected. If it be borne in mind that the bookkeeper when checking out has only the number and name of the depositor to guide him, and that his report is held by the head bookkeeper, it will be seen what an effective, yet simple, check this is. Finally, the footing of the 'Summary' must agree with the footing of the cash book and with the teller's cash."

The same treatment is given the drafts. It will be noticed in this instance that there is no proof of the correctness of the ledger balance, as shown in the preceding number, where the extensions were proven also. The check upon wrongful classification is the fact that postings are made direct from the tickets and checked back from the lists, and it is unlikely that the two men will make the same error and get an item posted to the wrong ledger, on the wrong account and on the wrong classification slip. The classification proof (Form 3) prevents wrongful classification.

Around a Triangle.

In the Greenwich Savings Bank of New York, one of the largest of the New York banks, the operation is as follows:

This is a good moment to take a glance at the desk situated directly between and within easy reach of the men's and the women's teller, forming the base of a triangle described by the three tellers' windows. It will offer us the opportunity to examine the complete system of recording and proving cash transactions in use in one of our largest savings banks.

The work of the desk of the journal clerk forms the base of triangular record and proof. All transactions are worked off and proved outwardly by way of receiving teller, journal clerk, paying teller, and inversely, journal clerk, bookkeeper, balance bookkeeper, making a collusion of at least five persons necessary for the perpetration of fraud. The journal clerk enters and initials whatever he finds written on the pass-book on so-called balance sheets, while deposit—respectively draft tickets are sent around in another direction, by way of paying teller's spindle to the bookkeepers for posting, when in the hands of the balance bookkeeper the two ends again meet, forming a system of record, complete, simple and safe beyond contravention.

And now let me explain in detail this system of the journal clerk's balance sheets on which are made the record of the day's transactions and also the daily ledger proof. These are double sheets about 10x8½ inches, numbered and ruled off with columns for number of account, name, amounts of deposits and drafts. There is a sheet for each ledger.

The clerk *takes pass-book* placed on his desk by the teller and copies on sheet from it the amount, name of account and deposit or draft entry of that day in their respective columns, then initials the pass-book entry.

At the close of the day the columns are added by the clerk, and footings as well as number of transactions recorded on the sheets must agree with the records of the tellers; then tellers and clerk put down their sums total on a book of summary of daily cash transactions.—*Chas. L. Siebert,* in "The Bookkeeper."

Draft transactions are treated in exactly the same way as the deposits. At the close of the depositors' hours, three o'clock, the tickets are taken from the chief teller's spindle by bookkeepers, each taking his own class of transaction, and when arranged in numerical order, they are posted in the depositors' ledger. The following morning three or four men, appointed by the balance bookkeeper, act as checkers. They take the stub of the journal sheet, as before said, bearing only the number of account and the name of the depositor, and, finding number and name on ledger to agree, they should find a transaction.

That transaction is copied according to the posting upon the blank page opposite said stub into its proper column—deposit or draft.

When all of that ledgers' postings have been copied thereon, the footings are compared respectively with the footings of deposits and drafts as entered the day before by the journal clerk, he having kept overnight in a sealed envelope such portion of his sheets. This comparison is made by the balance bookkeeper and the journal clerk. On their being found to agree, we have again, without the production of the bank book, verified the entry therein, and which is of course the liability of the bank to the depositor. In case the comparison shows a difference between the footings of said columns, they are compared with each other, item by item, until the one in error is discovered, and at once the ticket is referred to for verification, and must necessarily show the error as occurring in either the posting into the ledger, or the copy of such posting, because on the prior afternoon, the journal clerk's footings were found to agree with the chief teller's and receiving teller's slips. By this method you will see that errors are at once corrected, and do not remain unfound until a general proof of the ledger is made.—*Letter from James Quinlan, President.*

The "Balance-Posting" Method.

In the Union Dime Savings Bank of New York, noted for what may be termed for want of better word, the "technique" of its system, the "balance-posting" is used. This, of course, is only applicable when the balance column is used and is not only reliable but practically infallible. As its president states: "The human mind is inclined to assent to what is presented to it, and if the figures of the test have *not* been copied or compared, but are the result of a *mental process,* a vastly higher degree of dependence may be placed upon them."

President Sprague thus describes his system: "The first step in the posting is really not posting at all; it leaves the debit and credit columns blank and inserts in the balance column the increased or decreased balance which results from the deposit or draft. The bookkeeper has in his hand both deposit and draft tickets, assorted numerically, *but not separated,* so that he must discriminate between a plus and a minus in every case. Having properly checked each ticket, as entered, he turns the bundle over to the chief accountant, and commences to perform the second

Form 86.

DEPOSITS					
Number 1	8	9	6	7	29
440,000	10	7	5	6	30
520,000	3	5	1	1	19
600,000	19	3	7	5	26
640,000					
680,000	42	6	1	0	04
700,000					
720,000					
740,000					
760,000					
780,000					
800,000					
810,000					
820,000					
830,000					
840,000					
850,000					
860,000					
870,000					
880,000					
890,000					
900,000					
910,000					
920,000					
930,000					
940,000					
950,000					
955,000					
960,000					
965,000					
970,000					
975,000					
980,000					

The totals of the various classification slips are carried to this summary sheet, and the total must agree with the total of the cash book and with the cash in hands of the teller.

THE BOWERY SAVINGS BANK

Form 2—Summary sheet coupon system of posting

stage, not upon those accounts, but on a section which his predecessor has been putting through the first degree. These sections rotate among the bookkeepers daily, so that Mr. A, who began to-day on Section No. 1, starts to-morrow on

Section No. 2, doing the second operation on Section No. 3. No bookkeeper has any permanent section under his dominion; every few days he passes over the entire field, and there can be no complaint about unequal distribution of labor.

"To return to the 'second stage,' for which ruled sheets are provided. A list of the numbers of the tickets which have just been used in the work is written down the center of the page, using the adding machine for this purpose. The second stage bookkeeper, armed with this list, *having no access to the original tickets,* goes to each account and inspects the two last items in the balance column. They must show either an *increase* or a *decrease,* and the bookkeeper can only ascertain *which* by subtracting the amounts. If there is a *decrease* of ten dollars, he inserts ten in the debit column of the ledger and ten in the 'decrease' column of the sheet. If there appears an *increase* of ten dollars, he inserts ten in the credit column of the ledger and ten in the increase column of the sheet. He also writes the name which he finds at the top of the account, having no clue to the name on the ticket.

"Finally the tickets and the lists have reached the accountant, who separates the deposits from the drafts and carefully compares each ticket with the list. They should agree in the following respects:

"1. The number.
"2. The name.
"3. The amount.

"Having eliminated any errors found, the totals are made up by the smaller sections and recapitulated, finally reaching an agreement between the increase and the decrease of the depositors' balances and the increase and decrease of the teller's cash. Barring the possibility of double and compensating errors (which, though rare, is always with us) any error would throw the final figures out, whether it be in amount, in the wrong side, in the wrong account, or, most important of all, in the derived balance."

Posted "While You Wait."

In the Strafford Savings Bank of Dover, N. H., *posting is done at the time of the original transaction.* The teller makes his entry at the window (e. g. in case of a withdrawal), takes the depositor's receipt and sends the pass-book, with a charge slip for the amount to be withdrawn, back to one of the bookkeepers. She selects the deposit card, corresponding in number to the bank-book, enters all back dividends on the book and then enters the withdrawal on both book and card. The card is then placed in a special drawer and the book returned to the paying teller, who passes it, with the cash, to the depositor. At the end of the day the cards are checked back with the paying teller's sheets and are then filed in place.

Daily Trial Balance.

In the Home Savings Bank of Boston they use the card ledger, and the active cards are removed from the tray at the time of posting, and at the end of the day's work *a trial balance is taken of those cards.* They use a fifteen-bank adding machine (Burroughs) with the split and normal device which allows two columns to be added simultaneously. In the left-hand column they add the old balance on the card, that is, the balance before the transactions are posted. In the right-hand column is added the new balance. To the sum of the old balance is added the deposits for the day, and to the sum of the new balance is added the drafts for the day. The results of the two columns should be alike. The transactions are then listed numerically and sub-divided to correspond with the contents of each tray, a sub-footing being carried out.

In the front of each tray of ledger cards they have what is called a proof card, which shows at all times the balance to the credit of that tray, the deposits for each day being added and the drafts deducted. It is a very simple matter at any time to take off a complete trial balance on any tray, and owing to the fact that a daily trial bal-

ance is taken of the active accounts, an error is very rare. The tickets, deposit and draft, after a proof is made and they have been listed, are sorted away numerically, *so that the transactions of any one depositor are all together.*

A Maine Idea.

The Bangor Savings Bank, Bangor, Me., uses the following system:

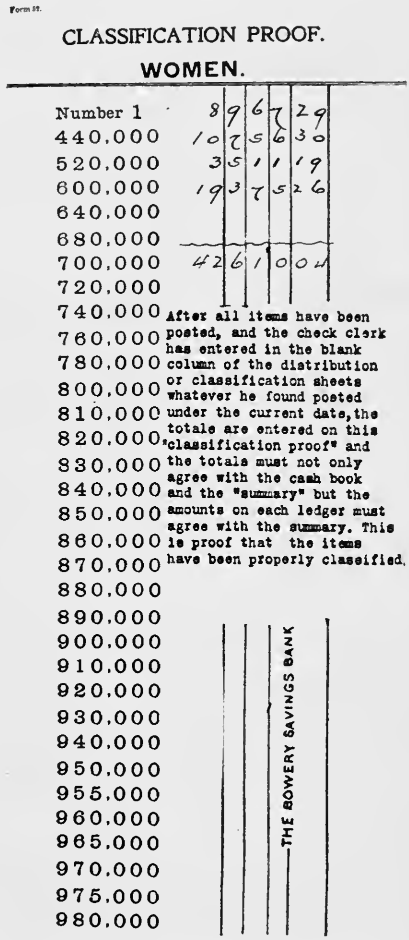
The sheet system was adopted after installing the card ledger, and has been found to facilitate the work very much (Form 4). The sheets are used on strong, light boards, held in place by a ten-inch Globe clamp. A deposit is entered when taken, number, name and amount, the ledger card is taken from its case, a red tag dropped into its place, deposit book balance is compared with the ledger card and the card stood in a box marked "deposits," handy to the deposit sheet at the receiving teller's window. All postings to the ledger cards are made from the sheets (Form 4a), and if the cards are placed in the deposit box, one back of the other in order of deposits taken, they will be in regular order for posting and for the comparing of postings, thus saving much handling. After the day's entries are made and compared, the cards are returned to the cases. The payment sheets (Form 4c) and cards are used in a similar manner, the paying teller entering the number of account, amount to be drawn and taking signature of payee.

At the close of the day, the sheets are footed, footings carried to cash book (Form 4b), then filed away till the end of the year, when they are bound.

Each deposit is crosspiled in a compartment, and so are kept distinct for checking back. Orders are filed away in order taken. No other books are used in the receipt or payment of money.

Connecticut Speaks on the Subject.

The Middletown Savings Bank of Middletown, Conn., enters the items of deposits and drafts in bulk, as will be seen from the following: Money received, whether for deposit, interest, rents or payment on loans is entered on a "Received" ticket, and the ticket placed with the money until it is checked


Form 32.

CLASSIFICATION PROOF.

WOMEN.

Number 1	8967 29
440,000	10756 30
520,000	3511 19
600,000	19375 26
640,000	
680,000	
700,000	42610 04
720,000	
740,000	
760,000	
780,000	
800,000	
810,000	
820,000	
830,000	
840,000	
850,000	
860,000	
870,000	
880,000	
890,000	
900,000	
910,000	
920,000	
930,000	
940,000	
950,000	
955,000	
960,000	
965,000	
970,000	
975,000	
980,000	

After all items have been posted, and the check clerk has entered in the blank column of the distribution or classification sheets whatever he found posted under the current date, the totals are entered on this "classification proof" and the totals must not only agree with the cash book and the "summary" but the amounts on each ledger must agree with the summary. This is proof that the items have been properly classified.

THE BOWERY SAVINGS BANK

Form 3 — Classification proof, coupon system of posting

up. *Receipts other than deposits are copied on the journal, all deposit tickets are added together and entered as one amount on the journal.* All "Received" tickets are added up on an adding machine at the end of the day, and must agree with the footing from the journal and the cash received. All "Paid" tickets are treated as above stated, and the

difference between the two shows the cash balance.

All deposit tickets, "Received" and "Paid," are entered on a slip each day, number of account and amount of entry; each slip is in turn copied off into divisions, and the entries in each division beng added up at the end of the month, show the increase or decrease of that ink on the deposit account card (they use the card system). As all of the proving work is done by machine, they carry about two hundred accounts in each division.

The Silk City Does It Differently.

In the Paterson Savings Institution the tellers never make an entry on de-

Bangor Savings Bank in account with Individual Deposits, Dr.

DATE 1910		No. of Acc't		NAME OF DEPOSITOR	AMOUNT.	
				Amount brought forward	9367	20
Nov	2	35892	✓	John Brown	100	
		29873	✓	H. D. Burns	525	
		32758	✓	S. P. Blaxley	90	-
					10082	20

DEPOSITS AS RECEIVED ARE LISTED HERE AND CARRIED TO THE CASH BOOK SHOWN IN THE FORM BELOW

Dr. BANGOR SAVINGS BANK, B

DATE 1910		PAGE	CASH	From Depositors	Interest.	Sundries.
			To amounts brought forward.			
Nov	2			10082 20		

DEBIT SIDE OF CASH BOOK, TO WHICH DEPOSITS ARE CARRIED IN BULK FROM THE DEPOSIT JOURNAL SHOWN ABOVE, TOGETHER WITH INTEREST RECEIVED AND SUCH OTHER ITEMS AS MORTGAGE PAYMENTS, RECEIPTS FROM BONDS MATURED OR SOLD, ETC.

We, the undersigned, acknowledge to have received of the BANGOR SAVINGS BANK, of Bangor, Maine, the amounts set against our names respectively, in payment, in part or in full, of sums deposited in said Bank in our names or subject to our control. C

DATE		No. of Acc't		AMOUNT.	Dollars.	Cts	SIGNATURE
				Amount brought forward	3529	60	
Nov	6	23758	✓	Ten Dollars	10	-	A. S. Adams
		18329	✓	Fifty	50	-	P. B. Shaw
		20200		One hundred	100	-	M. B. White

DRAFT JOURNAL WHICH IS SIGNED BY THE DEPOSITOR. TOTALS ARE CARRIED FROM HERE TO THE CREDIT SIDE OF CASH BOOK.

Form 4—Draft and deposit journal and the journal cash. Bangor Savings Bank, Bangor, Me.

division for the month, which being added to or subtracted from the balance of the division for the preceding month gives a new balance. Each six months these balances are proved by comparing with the previous six months' balance, and this proved balance is entered in positors' pass-books. The bookkeepers receive the pass-books, compare them with ledger accounts, make the desired entry in the book, and fill out a deposit slip, which is initialed by the particular clerk who makes the entry. The clerk also writes the same initial

in pass-book, and it is as much a part of the entry therein as the date and sum involved. The pass-book is then passed to one of the tellers, who receives the money from the depositor, at the same time returning to him his book. The teller, for the purposes of his money proof, enters in a book, conveniently ruled, the number of the pass-book and the sum received, as indicated by the pass-book entry.

The deposit slips are taken by a junior clerk at convenient times during the day and copied in a book prepared for that purpose, and this clerk places a check mark on the ticket against the word "Entered." The total shown by this book at the close of the day must prove with the teller's list of the same transactions, and the system proves a very effectual check against omissions, either by the teller from his list or by the bookkeeper in failing to make out a slip, as an instance has never been known where both teller and bookkeeper have omitted the same item.

The bookkeepers now take the deposit slips and post *from them* to the ledgers, entering not only the amount shown by the ticket, but at the same time extending the new balance of the account into the balance column. The bookkeeper places a check mark on the slip against the word "Posted." Another bookkeeper, who does no posting, now takes the book into which the deposit slips have been copied in full, and from it compares the postings on the ledgers, checking the same, also proving and checking the newly extended balance. The deposit slips are bound in suitable packages and filed away. The occasion for again referring to any of them is very rare indeed, but they are filed, nevertheless, so that should necessity arise they can be produced on short notice.

FOUR BILLIONS IN BANKS

Savings Increased $357,000,000 Last Year

IF the prosperity of the nation can be reflected in its savings bank deposits, the year ended on June 30 must have been a banner one for the American people.

Deposits in the 1,759 savings banks during the year increased to more than $4,000,000,000. The average depositor's account was $445.22, just $24.77 above the average of the year before. There are 300,000 more savings bank depositors than there were a year ago, and the total of the deposits has swelled $357,000,000 during the year.

These statistics include also the reports from 7,145 national banks and 15,948 State and private banks. Banking capital employed in the United States increased $80,000,000 during the year. Individual deposits in all the banks increased more than $1,240,000,000, and the aggregate assets increased $1,355,000,000. The banks, however, are holding about $31,000,000 less in cash than they did in 1909.

A TOTAL OF 7,218 NATIONAL BANKS NOW IN EXISTENCE, WITH AUTHORIZED CAPITAL OF $1,105,897

DURING the month of October, 1910, twenty-six applications to organize national banks were received. Of the applications pending, eleven were approved and eighteen rejected. In the same month twenty-two banks, with total capital of $2,480,000, were authorized to begin business, of which number thirteen, with capital of $380,000, had individual capital of less than $50,000, and nine with capital of $2,100,000 individual capital of $50,000 or over.

The total number of national banks organized is 9,883, of which 2,665 have discontinued business, leaving in existence 7,218 banks with authorized capital of $1,015,897; 135 have circulation outstanding, secured by bonds, $691,335,845. The total amount of the national bank circulation outstanding is $724,874,308, of which $33,538,463 is covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which have reduced their circulation.

EUROPE'S INVESTMENT IN AMERICAN SECURITIES

By John Terret

BECAUSE of the very great influence which the foreign markets are exerting upon our own market at the present time, Europe's investment in American securities is attracting a great amount of attention. In a general way, people realize that there is much foreign capital invested here—or, to put it another way, that there are large amounts of American bonds held abroad—but it is doubtful if there is any general realization of the extent to which our industries are carried on with the help of European capital.

In the Early Days.

Foreign investment in American securities dates back to the earliest times. When the Republic was first established, its industries, on account of the repressive policy of the mother government, were in an absolutely undeveloped state. Of capital, of course, there was very little. Practically everything that had been done, had been done on English money.

When, therefore, at the end of the first quarter of the nineteenth century, the building of railways was begun in the United States, it was mostly with foreign capital that these first undertakings were financed. It is not easy now to get at the exact record of what happened, but it is sufficiently clear that it was with English money that practically all of the first railroads in this country were built. And as the country grew, this investment of foreign money grew with it. In time, of course, we began to accumulate capital of our own, and to build railroads and factories with our own money, but by that time the possibilities of American enterprise had become well known abroad and an increasing stream of foreign money came into this market. There were periods when investment of foreign capital was greater than at others, but steadily up to the time of the Civil War this investment of foreign money in our securities went on. And after the resumption of specie payment in 1879, foreign capital came into this market on an even greater scale. By that time there had been developed a very large fund of native capital, but in spite of that, each big issue of securities was largely participated in by the foreign bankers. And so, Europe's investment here continued to grow, and with each new issue has kept on growing. At the present time it is probably greater than ever before in the country's history.

"Fixed" and "Floating" Investment.

The investment of foreign capital in the United States may be divided into two parts, that which is "fixed" and that which is "floating." By the "fixed" investment is meant the very great amount of American securities lodged with investors, institutions, and estates, all over Europe—securities which have been bought for investment and which are apt to "stay put" for many years to come. By the "floating" investment is meant the constant buying of American stocks and bonds by the foreigners—buying which is sometimes continued over a considerable period, and which is sometimes reversed by a selling movement coming very soon after.

What the fixed investment of foreign capital in American securities amounts to, it is impossible to say. Estimates run anywhere between three to five billion dollars. One man's guess is as

good as another's. Whether the smaller or larger figure be correct, it is a fact that, all over Western Europe, American bonds and to a certain extent American stocks are held for investment in very large amounts. They yield a higher rate than can be realized from the equivalent home securities, and are thus attractive to that large class of investors abroad who are intent upon getting the highest rate possible on their money consistent with safety.

The way in which these foreign holders of American bonds study their investments is remarkable. The French peasant who buys 500 francs' worth of St. Paul "fours" does not, of course, know anything much about the condition of the St. Paul railroad, but the mere fact that he has been offered these securities is in itself proof that somebody, acting in his interests, *has* studied the situation very fully. In England, where the aristocracy are very largely invested in "Americans," first hand knowledge of conditions in this country is very full and free. The Englishman is a great traveller. He comes over, sees the progress of our enterprise, realizes the investment opportunity, and ends by putting a good block of his money into American securities. Not, however, without having first given the matter the closest attention. It is safe to say that the average English investor in American railroad bonds is infinitely better informed regarding the property than is the American holding a similar investment.

The Floating Investment.

The floating foreign investment in American securities is made up of the operations, first, of individuals, then of banking houses, then again of the "Investment Associations" which flourish in so many European countries.

Being great travellers and seeing how money is made in American securities, many wealthy individuals abroad are continually "in" our market. As a rule their operations are conducted through London; that is to say, orders are given in the London market and either executed there or cabled to this side.

Banking house operations, too, are an important consideration, bankers here in connection with bankers abroad being continually in the market and buying and selling securities in large amounts. Sometimes these purchases will be carried along for many months. Sometimes, on the other hand, the transactions are closed off within a very few weeks.

The foreign "Investment Associations" are groups of capitalists on the other side who issue their bonds at a fixed rate of interest, using the money thus raised to deal in American securities. Being well informed and playing only for the long swings, these "Associations" usually make money and pay handsome dividends.

Because of this big investment of foreign capital in American securities, it stands to reason that buying and selling movements of considerable importance must be continually taking place. Not infrequently, indeed, the European attitude toward our stock and bond markets is an influence of absolutely dominating importance.

IMPROVEMENT

BACK in the middle of the summer when pessimism was the prevailing creed and when the man who took the other view of things was pityingly regarded in Wall Street as little better than a lamb, "Investments" steadily maintained that the outlook was by no means as black as it was painted, and that investors who bought securities at prevailing prices would not be sorry.

We are not out of the woods yet, but by what has happened during the past couple of months the attitude toward the situation which we took during the summer would seem to have been so far borne out. There are plenty of uncertainties still ahead of the market, but considering the improvement in sentiment reflected in the material rise in

security prices, the optimist will be seen to have had all the better of the argument. What may happen in the future no one can foretell, but certainly the investor who bought either stocks or bonds during the summer has as yet little cause to regret what he has done.

Moreover we see no reason for changing the attitude which we have held all along. The latter part of 1910, it is true, has been a period frought with difficulties and uncertainties but one by one—the money situation, the crops, etc.—they have worked themselves out, until the outlook has become infinitely clearer than it was. There are some big questions ahead of the market still to be settled, but by all indications they will be settled satisfactorily, just as was the money situation which looked so bad in the middle of the summer, and the crop situation which seemed at one time as though it were bound to cause such trouble. A good many disappointments have awaited the man who went into 1910 with an optimistic spirit, but it seems now as though patience were to be at last rewarded.

SHORT-TERM NOTES AS INVESTMENTS

By Casper Cromwell

A LARGE amount of short-term notes have been issued so far this year and this class of security has been widely recommended by banking houses to their clients. It is a question, indeed, whether, at any time since 1906, trading in short-term notes in the outside market, as it is called, has been as active as at present. By institutions and investors the short-term note as an investment security is being carefully and closely studied.

The short-term note in the sense in which it is usually spoken of is the obligation of a railroad or of an industrial company, maturing anywhere between two and five years from the date of issue. Usually notes of this kind are unsecured, though sometimes there is collateral in back of them. As a rule, however, it can be said that they are nothing more nor less than a promissory note made by the company, issued in somewhat larger amounts, and running for a somewhat longer time, than the ordinary note-of-hand. Among a corporation's securities, therefore, short-term notes usually rank just ahead of the stock, but behind the bonds. The short-term notes of corporations consistently paying dividends are naturally a better security than those of compa-

nies able only to earn their bond interest and a little surplus over.

Emergency Financing.

Realization of what these short-term notes are, and where they stand, will make it very plain that the short-term note *per se* is a kind of emergency financing. That is to say, short-term notes are issued only when a corporation needs money and cannot raise it in any other way. "Emergency" may perhaps be too strong a word to apply to finance of this sort, but in any case it can be set down that it is only when the regular long-term bond is unsalable that the short-term note makes its appearance.

In the case of corporations enjoying good credit it will thus appear that while the issue of short-term notes may be an effective way of borrowing money, it is also an expensive one. For notes of this kind usually bear a high rate of interest—five or six per cent.—and not infrequently are sold by the company at a price several points under par. That makes the money come pretty high. At the same time when a company needs money and finds itself unable to raise it in any other way it is willing to pay a stiff rate of interest.

Four Years Ago.

The last time that there was any considerable issue of short-term notes was in 1906-7, when the exhaustion of the country's capital supply had made it practically impossible to sell the regular long-term bonds. At that time a perfect flood of short-term notes was put out upon the market. The railroads issued them, the industrial companies issued them—within a few months, a very great volume had been put out and an exceedingly active outside market established.

In the early part of 1907, indeed, there were not a few banking houses who gave practically all their attention to trading in securities of this kind. The profit as a rule was but a small fraction, but the turnover being very large, trading of this sort proved to be most lucrative.

At Present.

Now again, four years later, we have a repetition of the same thing. Again the railroads, though not the industrial companies to such an extent, are offering big amounts of their short-term securities. Again banking houses are actively trading in these short-term notes, turning over big amounts of them every day, creating and maintaining a close market in them. This market, it must be borne in mind, is not confined to any exchange. It is, like the foreign exchange market, established directly between houses interested, and fluctuates solely according to the law of supply and demand. It is at present a big, broad, and active market, one on which it is possible at any time to dispose of large quantities of notes without disturbing quotations, or on the other hand to buy equally large amounts.

Investment Function of the Short-Term Note.

It would probably be difficult to name a security concerning the real investment function of which so great a degree of misapprehension exists. Short-term notes have their uses as investment securities, but comparatively few people, or even institutions for that matter, seem to realize just what they are. From the nature of the security itself, it is evident that an unsecured note running from two to five years is entirely different as an investment proposition from a long-term bond whether it be a mortgage or debenture or what not. These short-term bonds indeed, have a distinctive function in their relation to investment funds, which puts them in a class all by themselves.

Their main purpose is of course, for the temporary investment of money—for the keeping of funds liquid, ready to take advantage of any other profitable investment opportunity which may offer. For the individual, for instance, who believes that during the course of the next few years it will be possible to buy long-term bonds at a much lower price than at present, the short-term note is an ideal way of holding his capital available. It possesses a high degree of marketability. It is not apt to fluctuate greatly in price. At any time it can be disposed of at par, or very close to it, and the money got out of it. For the individual, therefore, who wants to be ready to take advantage of a lower range of prices which he thinks is coming along within the next couple of years, the short-term note is about the most suitable investment that can readily be imagined.

As a Secondary Reserve.

It is, however, for the investment of funds belonging to institutions that short-term notes appear to have their greatest use. As a secondary reserve for bank and trust company funds, they are almost ideal. As has been said, they are a very safe form of investment which readily can be bought and sold, and the fluctuations in their price are comparatively unimportant. In every part of the country banks and trust companies are becoming more and more interested in short-term notes. It is, indeed, the constant inquiry from this source which makes the market for them as broad and as active as it is at present.

THE REAL BOND MARKET

By B. Nathan Moran

THE daily record of bond transactions on the New York Stock Exchange regularly runs up into the millions, but it is not on the Board that the real market for bonds exists. It is the "outside" trading between the bond houses—the "over-the-counter" business which each day largely exceeds the total volume of dealings on the exchange—that constitutes the real market for bonds. Indeed, were the transactions on the stock exchange to be stripped of the trades made for speculative account, what was left would make a poor showing in comparison with what is done on the outside—that is to say, between the houses who trade directly with one another. A few bonds, it is true, have their best market on the exchange; there are a number of active issues which are largely traded in every day. But when it comes to the trading in the rank and file of bonds and the passing back and forth of big blocks, it is on the "outside" that the real big market exists.

Development.

The past few years have seen a very great development in this outside market. As interest in bonds has increased

and as investments in this class of security have been made by people all over the country who formerly never thought of using their money that way, it has come about that the number of houses engaged in the bond business has been very largely increased. Not so very many years ago practically all the business was done by a limited number of firms, possessed of large capital, and virtually having a monopoly of the new issues as they were brought out. That condition, however, no longer exists. The register of the houses now engaged in the business of underwriting and distributing securities is long and constantly growing. Where there were formerly a few big houses who had a monopoly of the business, they can now be counted by the dozen, many of them having great capital and resources, and being well represented at court. In the next place there has sprung up a great number of smaller bond firms, partly brokers and partly dealers, who have to be counted in on every sub-syndicate and whose influence in the bond market is becoming increasingly important. Some of these smaller houses are offshoots of the older ones, some of them are entirely new. Not a few of them are aggressive in policy. The short time in which this class of firm has been in existence has seen more than one of them graduate into the class of the full-fledged banking house.

Banks and Bonds.

In bringing about this development, the establishment of bond departments by banks and trust companies all over the country has played no little part. As the individual customers of these banks have become more and more interested in bonds as investments, the demand upon these institutions to handle the business themselves instead of giving it out to someone else, has become more and more insistent. Consequently, during the last few years, banks and trust companies all over the Union have themselves been going into the investment business and establishing well organized bond departments.

With the increase in bond business arising from this and other sources, there has come a great development of facilities in the big "outside" market at New York. As the demand for bonds from the interior has increased, so competition in the New York market has increased, until the facilities for doing business have been developed to a very high point indeed. One of the principal results has been the establishment of numerous branches by most of the important investment firms. Another has been the development of an extensive wire system by which the bond men in New York find themselves linked with practically every important center in the country. A third development of great importance has been the organization of elaborate sales forces, and the taking on of outside men who play the part of scouts in the market and continually keep their principals in touch with actual conditions.

Branches.

The establishment of branches at important outside points has been a natural consequence of the competition which has developed. As orders coming

from these outside points have increased, it has been found by the big dealers here that it is far more economical for them to handle these orders through a branch of their own than to have the business come through someone else. It works the other way, too. Where it is a question of distributing bonds at a center of secondary importance, it has been found that the distribution can be better and more economically effected by a branch than by a correspondent.

Wires.

The wire system is a development along the same line. A big bond house in New York is continually getting orders and inquiries from cities all over the country, but manifestly it is impossible to maintain branches at all these points. What has happened, therefore, is that these houses have leased private wires to correspondents at various points thereby keeping themselves in pretty close touch with what is going on. Not infrequently an active bond house in New York will have as many as twenty wires radiating out to various points of the country, over some of which wires as many as fifty or sixty messages will pass during a single day.

The cost of all this, of course, is very great. It is impossible to set down in figures what the cost of a wire system amounts to, but in the case of the big houses it runs up into high figures. At the same time, it must be remembered that with conditions as they are at present, the maintenance of one of these elaborate wire systems is no longer a luxury or a mere means of gathering in additional business, but an absolute necessity. It is the way the business is being done. The other houses all do it that way, and if a house wants to compete on terms of equality it simply means that it, too, must be correspondingly equipped.

Salesmen.

The outside men, also, who are continually in touch with the investment pulse of the country, are a development of the modern system under which the business is being done. Not so many years ago a bond house would have considered it lowering to its dignity to send out a salesman for the purpose of distributing the securities it had on hand. With the advent of the same competitive conditions into the bond market as prevail in mercantile business, however, these ideas were speedily relegated to where they belong. With so many houses all trying to sell the same securities, and, on account of the narrower margin of profit, dependent upon a much larger turn-over than formerly, it came to be quickly realized that the salesman was an absolute necessity. In the organization of a modern live bond house he has now come to be one of the most important parts. Not only does he distribute far and wide the securities which his house has to offer, but, by his reports on sentiment towards securities in the territory in which he is travelling, he keeps his house in touch with things and enables it intelligently to buy the securities for which a demand exists.

Crowded Out.

As all this development has taken place, it will plainly be seen that the position of the middleman has become more and more precarious. With each big bond house equipped with an elaborate selling force having for its sole purpose direct sales to investors, and with the extensive advertising which is being done at present, it will be evident that the broker has come to be less

and less of a factor. It is a tendency which has been strongly marked in every kind of business, and particularly so in this business of handling bonds. The good old days of several points profit on a trade are a thing of the past. Houses have to work on a much closer margin of profit now than formerly. There is less in it for the middleman. He has been literally crowded out.

Outside Interest.

All this development in the bond market and the cutting down of commissions by which it has been accompanied, has naturally resulted in stimulating outside interest in the New York bond market. With such an excellent market as exists at present in any number of issues, the incentive on the part of the inland institution to put some of its secondary reserve into the form of bonds has become very much greater than it ever was before. It was the awakening interest in bonds all over the United States which was first responsible for the great development of the "outside" bond market at New York. It is the present high state of development of that market which is now reacting back on the rest of the country and largely increasing the interest in bonds which already exists.

DIVIDEND PAYMENTS

By William H. Lough*

THE payment of dividends is no doubt the pleasantest function of corporate management; it is also one of the most critical. To a large extent the corporation's reputation, financial standing and ultimate success depend upon the principles which the directors follow in fixing dividends. The correct principles are few and simple; yet they are very often misunderstood or misapplied.

It is a universal rule of the courts, and is specifically set forth in the statutes of most States, that dividends must not impair the corporation's capital. The word "capital," as here used, means practically the value of the corporate assets, which is equal to the outstanding obligations plus the capital stock. If a corporation has acquired and is employing assets, the value of which is greater than the value of its outstanding obligations and capital stock combined—in other words, if the corporation has a surplus—then no legal objection except in special cases, can be offered to the payment of the dividend. It is well to note carefully this interpretation of the legal rule which depends upon, and follows from, the use

*Extract from a Concrete Business Talk, written by Mr. Lough for the Alexander Hamilton Institute, Astor Place, New York City.

of the word "capital," in a sense somewhat different from its ordinary meaning.

There is an exception to this rule, the reason for which is obvious, in the cases of corporations which own wasting assets, such as mines, tracts of lumber, estates in process of liquidation, and so on. The only source of profit of such companies is the sale of assets and they must either pay dividends out of capital or not at all. The law recognizes the peculiar situation of such concerns.

Three Sources of Dividends.

Except in the cases of those corporations already mentioned which may pay dividends out of capital there are only three legally possible sources of dividends. Those three sources are:

1. Current net income; that is, the income remaining after all operating expenses and all fixed charges have been paid, and after any previous impairments of capital have been made good.

2. The net income of previous years which has been saved and allowed to accumulate: this income usually appears on the company's balance sheet under some such title as "surplus," "undivided profits," "profit and loss," "income account," or "surplus income." The title used to designate this saved income is not important: its essential characteristic, so far as paying dividends is concerned, is that it should have been accumulated from profits actually earned during some previous year, or years, and not offset by more than equal losses in other years.

3. Profits derived from the sale of assets of the corporation at more than their book value, such profits not being required to make good previous impairments of capital. These profits also often appear on a corporation's balance sheet under such titles as "surplus," "undivided profits," "profit and loss," and so on, although careful accounting would show them in a separate account.

Special Cases.

It has been indicated above that current income may properly be used to pay dividends only after the previous impairments of capital have been made good. This saving reservation which is made necessary by the legal rule against paying dividends out of capital, is ordinarily required also by sound financial practice. In most cases obviously a corporation which after a long period of losses should pay out its first profits in dividends would be placing in jeopardy its very existence. But exceptions may sometimes properly be made.

For instance, suppose a manufacturing corporation two or three years old has been operating at a loss—as practically all corporations must do during the first stage of their existence—and suppose that this corporation begins to earn large and steady profits. Is it just or expedient to ask the stockholders to wait until all previous losses have been made good before starting to pay dividends? Generally, yes; sometimes, no. The so-called operating losses at the beginning may be in effect simply the price that the corporation pays for the permanent business connections, the reputation, the good-will, which will enable it steadily to earn profits thereafter; in such a case these losses may probably be capitalized as an investment, and dividends may be paid out of the first profits.

Dividends and Current Profits.

Assuming that a corporation has attained to the happy situation where it

has no previous impairment of capital to make good, and is earning profits, the directors have next to consider the question: How much of these profits shall be paid out in dividends? Two distinct —in fact, opposing—policies are followed. Some corporations set aside out of net income whatever is actually needed at the time by the corporation for small capital expenditures, and pay out all the remaining profits in dividends. Other corporations establish a fixed dividend rate which they aim to maintain over a long period of years in good times and bad, and reserve for the corporation's use whatever profits may be earned over and above this regular dividend. The first policy is generally followed abroad, and by small and closely-held corporations in this country. The second policy is commonly adopted in this country by large, conservative corporations and is generally to be preferred.

Dividends from Surplus.

Little need be said about the other two sources of dividends beside current income. Legally, dividends may be paid without question out of accumulated income saved from the earnings of previous years. As a matter of financial practice it is regarded as poor policy to pay dividends from this source except in emergencies. Saved income is usually put back into the corporation's property, and becomes in reality a part of the corporation's capital investment. It should be drawn upon for dividends only in those cases where it is important to keep up a regular dividend rate, and current income, contrary to expectations, has for a short time fallen below the regular dividend requirements. This was the situation of the Baltimore & Ohio Railroad in July, 1908. The corporation had been paying six per cent. on the common stock regularly, and it would have been detrimental to the corporation's credit, and to the interests of its stockholders to lower this rate. In consequence, the directors declared the usual dividend, part of which was charged against the company's surplus, and their action was generally approved.

Before the Industrial Commission, Mr. Jacob H. Schiff said, that as an emergency measure, where a corporation had suffered a severe loss not likely to recur, he would regard it as an "eminently proper" step to declare dividends out of surplus, even if it were necessary to borrow the cash with which to pay them. This is advisable, he thought, because of the great importance of regularity of dividends in maintaining a corporation's credit standing. "I would heartily recommend such a step," he concluded, "and believe it perfectly sound."

As to dividends declared out of profits from the sale of assets at a figure above their book value, the chief point to remark is that such dividends should be clearly labeled "extra," and their source should be indicated, so that all stockholders may be fully aware that current income does not provide the dividend. Unless the profits from this source are unusually large, and the corporation does not need the money so obtained for capital expenditures, it is generally considered better practice to leave profits of this character in the company's treasury.

Dividends and Cash.

So far the question of dividend payment has been considered solely in relation to net income. But another important factor ought always to be taken into account in the declaration of dividends—at least, of cash dividends—

namely, the financial condition of the corporation.

It is not always safe, by any means, to assume that a good showing of profits in a corporation's income statement, or a good showing of accumulated surplus in its balance sheet, is a sufficient basis for cash dividends. In its report for 1908, the Missouri Pacific Railroad Company showed an accumulated surplus of $10,000,000; yet within a short time the company was obliged, not only to discontinue dividends, but to borrow $6,000,000 on two-year notes.

Sometimes a corporation's accounts are fraudulently or improperly kept, and do not, for that reason, show actual conditions; but that is not the only reason why dividends should not be based wholly on the figures for profits and for surplus. The Missouri Pacific surplus in 1908, for instance, was, no doubt, honestly reported. The chief reason for caution lies in the fact that profits may be realized in many other forms than cash. They may be realized in enlarged plant, improved machinery, wider business connections, more valuable goodwill. Similarly, surplus may take any or all of these forms, and, indeed, seldom affects directly the cash account. Hence, it often is true that a corporation is prosperous, has a big surplus, is earning large profits, and yet is financially weak—that is, lacks cash and cash resources. As a matter of fact the more rapidly a corporation expands its operations, and the larger profits it realizes, the more likely it is to reduce the proportion of its quick assets to its quick liabilities.

Ignorance of, or unwillingness to recognize, this simple fact has been the immediate cause of many an unnecessary bankruptcy. A company which declares dividends on the strength of its profits, or of its surplus, at the same time being short of cash, must necessarily borrow the money with which to pay the dividends. Bearing in mind that the company is already deficient in quick assets, it is easy to see how this additional borrowing often proves sufficient to bring on insolvency. With small corporations it may be laid down as a rule which has few exceptions that cash dividends ought not to be paid until the company has on hand the cash resources with which easily to pay them.

The same general principle holds good with large corporations, but exceptions may more readily be made because such corporations usually have strong financial connections and a wide credit, which make it comparatively safe for them to increase their borrowings.

In practice the directors of these companies frequently consider dividends only in relation to profits earned, and rely on being able to finance extensions, and raise cash when needed from new stock and bond issues. That the practice, even at the best, involves elements of danger is indicated by the failure of the Westinghouse Electric Company, in 1907. The underlying cause of this company's difficulties was the continual payment of dividends based on large profits, but not properly related to the company's supply of cash.

Supplementary Factors Affecting Dividends.

In addition to the amount of cash and other quick assets on hand, as compared with the quick liabilities, the directors of a corporation ought to take certain closely related factors into consideration. Before declaring cash dividends they should consider the prospective volume of business, and of new construction or extensions. Cash may be on hand in sufficient quantity for immediate needs, but not for the needs of the near future. Another related factor to consider is the state of the company's credit. Before depleting cash to any extent the directors should ask themselves, are we certain that the company will easily be able to borrow money in case of emergency? Large corporations which make a practice of financing small capital improvements by short-term note issues, and later refunding these notes by long-term bonds, ought always to have their net floating debt permanently financed before cash dividends are paid. A third factor too often ignored, especially by small com-

panies, is the general financial outlook. It goes without saying that a reduction of cash at a time when the company is entering a period of financial stringency, is a dangerous proceeding, although it might be conservative enough if the outlook were more favorable.

THREE BILLION BUSHELS OF CORN

FOR the improvement in sentiment which has taken place the great success of the crops is largely responsible. The American business man, while he can become fearfully pessimistic, is not of a disposition to maintain that attitude for any great length of time. By the political outlook, by what he thinks is the government's attitude toward the corporations, by reason of what he thinks the Supreme Court may do to the trusts, he may be rendered sceptical as to the business outlook, but give him a good live influence like a three-billion-bushel corn crop and all his fears melt away like snow under the influence of a genial spring sun. He does not want to be a pessimist. He is never very confirmed in that position. He is like a man who feels that he is called upon to hold a certain opinion but wants to be converted. With him, not infrequently the wish is father to the thought. Therefore as the extremely favorable weather with which the season closed ripened a corn crop far exceeding anything that has ever been seen before, realization of the tremendous wealth to be added has greatly heightened the business pulse of the country. For years and years we tried to raise a corn crop of three billion bushels, but it was not until last season that that became *fait accompli.*

It means a big tonnage for the railroads—first when the crops are hauled to market, and after that when the merchandise bought with the proceeds of the crops goes back into the agricultural sections. Tonnage for the railroads—buying power of a strength suffieient to make itself felt in every market from Maine to California—that in a word is why a corn crop such as we have raised this year is such a marvelous restorer of depressed sentiment.

THE "BAROMETER" INDUSTRY

RECENT statements of unfilled orders by the United Steel Corporation have been anything but inspiring, and yet it is a question whether the steel business is in anything like as bad shape as these reports would seem to indicate. It is always easy of course to make excuses and to point out reasons why this was so or why that was not so, but, as a matter of fact, by everyone in touch with the steel situation at the present time it is realized that these statements of unfilled orders have made the situation out much worse than it is.

The fact of the matter is that during the past couple of months, on account of the pendency of the elections and the highly troubled political situation, there has been a strong disposition on the part of the large users of steel to go slow in their operations. Whether it has been a case of adding to industrial plants or of going in for new railroad construction it has all been the same thing—"Let's wait and see how things come out" has been the controlling sentiment.

As a result, the amount of new orders

placed during September and October has been very meagre. That fact in itself, however, by no means proves that the steel industry is entering the pauper stage. On the contrary, the way in which the volume of unfilled orders has been cut down shows that the steel people are not afraid to fill the orders which they have on hand, believing that within a short time there will be plenty of additional business to keep them going. It does not make a very good showing, it is true, when the volume of orders on hand is so far reduced, but if there are plenty of new orders in sight a couple of months ahead, it makes mighty little difference.

Sooner or later, as the steel men very well know, these orders are bound to come in. Whether the administration is Democratic or Republican, whether the big users of steel happen to like or not to like the way politics are going, they have to buy structural steel and shapes and rails just the same. If they are holding back on their orders now, it only means that later on they will have to buy all the more. When that times comes the item of unfilled orders will take care of itself.

THE INTEREST RATE ON GOVERNMENT BONDS

DISCUSSING the knotty problem confronting the government with regard to the rate of interest the next issue of government bonds shall bear, the National City Bank of New York says: It is quite likely that some effort would have been made to secure reimbursement for the money spent on the Canal before this, had it not been for the fact that the recent bond authorization contemplated an issue of bonds bearing a rate of interest in excess of that which is borne by the two per cent. Consols of 1930 and the previous issues of Panama twos. Both the latter classes of bonds were put out at the low rate of two per cent. under special inducement as to circulation privileges. They subject circulation to a tax of one-half of one per cent. per annum, while the higher interest bearing bonds subject circulation to a tax of one per cent. per annum. Issued in large amounts a three per cent. bond subjecting circulation to a tax of one per cent. would send below par a two per cent. bond subjecting circulation to a tax of one-half of one per cent. An issue of two and one-half per cent. bonds, circulation tax one per cent., would in effect be the same as issuing more twos, circulation tax one-half of one per cent. Of the $913,000,000 outstanding interest bearing debt of the United States, more than four-fifths is represented by these low interest bearing two per cent. issues. They are nearly all owned by the national banks. Of the $646,000,000 outstanding Consols of 1930, $602,780,000 are held by the Treasurer of the United States in trust for national banks either as security for circulation or public deposits; while of a total issue of $84,631,000 Panama bonds, more than $82,000,000 are so held by the Treasurer. Every effort was made by the Secretary of the Treasury during the last session of Congress to induce that body to amend the Act of August 5, 1909, so as to give the outstanding twos at least the advantage of a parity, but without success, it being understood that Congress was adverse to any further financial legislation which might interfere with the plans which the Monetary Commission has under consideration.

Certificates of Indebtedness.

It is doubtful if the Commission will be able to make its report during the short session of Congress, and this leads to the conclusion that there may be further delay in securing an amendment to the recent bond authorization which will result in removing the threatened discrimination against the two per cent. issues. Such being the case, there

can be no resort to an issue of Panama bonds for some considerable time to come; but there always remains the authority to issue certificates of indebtedness to an amount not to exceed $200,000,000, with maturities not exceeding one year. Failing remedial legislation this authority will safeguard the Treasury against any untoward event that might occur before it is in position to issue Panama bonds. Such an event, for example, might be a decision from the Supreme Court holding the Corporation Tax Law to be unconstitutional; in which case the Treasury would be obliged to refund something like $25,000,000 collected at the beginning of the current fiscal year. This sum has been a material factor in strengthening the Treasury financial position, and its withdrawal would be equally potent in weakening it. Government authorities profess to be confident that the Supreme Court will uphold the law, but should it not do so, the Treasury must necessarily fall back upon its authority to issue certificates. Likewise if the business of the country should suffer severe depression as the result of political unrest, or from any other cause, the public revenues would likely reflect such condition, and this might make it necessary to resort to the certificates.

The Corporation Tax case is to be reargued at the next session of the Supreme Court, and as the late Solicitor-General Bowers had this case in charge and made the argument when it was formerly presented to the Supreme Court, there may be some delay in the rehearing, although it has been generally understood that this is the first of the great cases pending before that tribunal scheduled to come up for argument. It is thought it will be midwinter, or perhaps early spring, before the case is finally determined. In the meantime, according to the present outlook, the Treasury will be able to make both ends meet out of current receipts. The interval will give the Secretary of the Treasury full opportunity to renew his efforts in the direction of a fair and just solution of the problem involved in the readjustment of the tax on national bank circulation in such manner as to avoid discrediting nearly the whole of the outstanding bonded indebtedness of the United States.

The Real Question at Issue.

Of course the real question before the Treasury and Congress is the rate any new issue of bonds shall bear. It is admitted that the old artificial basis resulting from special circulation tax privileges can no longer be applied. What, therefore, is the true investment basis which will find a ready and satisfactory market for Government bonds? Efforts have been made during the past year by Treasury authorities to obtain some understanding as to what this rate should be. There are many opinions on the subject, and it is not possible to determine the matter actually in advance of a sale of bonds. There is only one method by which an investment basis in the market can be established, and that is by fixing an arbitrary rate which the bonds shall bear, say three per cent. or four per cent. If bonds of this character are offered in the open market to the highest bidder the market itself will determine the true investment basis. In

other words, a bond bearing three per cent. or four per cent. would sell at a premium, and the amount of such premium would determine with absolute certainty the rate of interest the Government would be obliged to pay. It can be ascertained in no other way. Certainly this method would be preferable to one which contemplates issuing bonds at par.

THE INSURANCE COMPANIES' DILEMMA

BY the Armstrong Law which was passed in 1906 it was provided that within five years the insurance companies of New York State should dispose of all their investments in stocks. Expiration of four years out of the five-year period allowed, finds these companies with most of their stockholdings still on their hands. Every effort, they say, has been made to comply with the law, but so poor have been prevailing market conditions that they have been unable to get rid of any considerable part of the stocks they held when the Armstrong Law went into effect.

The framers of this law did not, of course, when they put their measure into effect, realize what sort of a market would prevail after 1906. Five years at that time seemed ample for the insurance companies to dispose of the stocks they were carrying. That, however, has not turned out to be the case. Of these investments a very large proportion consists of stocks of the so-called "inactive" class. They are valuable but at almost any time they are hard to sell, in quantity. During such times as we have been having, it is almost impossible to sell them.

As a result of the predicament in which the insurance companies now find themselves, it seems as though they would be compelled to appeal to the legislature for an extension of time. In order to get these stocks sold before the end of 1911, the limit of the time allowed, it would be necessary for them to throw their big stockholdings on the market at practically whatever they would bring. That they may be properly and sensibly disposed of, therefore, it seems only right that the time in which the selling can be done should be extended.

As the matter stands now, it seems as though this were a thoroughly reasonable request and as though it surely would be granted. The Armstrong Law was passed not for the purpose of hurting the insurance companies but rather for the purpose of helping them. The insurance companies so far have acted in perfectly good faith but conditions have been against them—have made it impossible for them to do what the law told them they

should do. To make them sell these stocks at low prices would only be to hurt the companies themselves, the very purpose for which the Armstrong Law was passed being thus defeated. More likely the commonsense view of the question will be taken by the legislature, and the disposal of these stockholdings carried out in a reasonable and orderly manner.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to November 17, 1910.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2, 1930	100¾-101¼	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95½- 96½	4.40
Va. 6s, B. B. & Co.ctfs., 1871	40 - 45	...
Boston 3½s. 1929	95 - 96½	3.85
New York City 4½s, 1957	106½-107	4.10
New York City 4½s, 1917	102 -103	3.95
New York City 4s, 1959	98½- 99	4.06
New York City 4s, 1955	98 - 98½	4.05
New York City 3½s, 1954	87½- 88¼	4.10
New York Coty 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97⅛- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅜-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P.)	140	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	210	225
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	220	225
Boston & Providence (Old Colony)	285	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	120	140
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	90
Cleveland & Pittsburg (Pa. R. R.)	165	175
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	135	...
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	130	140
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	80	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazco, Al. & G. Rapids (L. S. & S.)	131	...

	Bid.	Asked.
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	70	80
K C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	210	225
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	155	165
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	105	115
N. Y. & Harlam (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	180	...
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	165	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	160	175
Utica, Chen. & Susqueh. (D. L. & W.)	145	155
United N. J. & Canal Co. (Pa.R.R.)	240	245
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn	230	250
Buffalo & Susquehanna, pref	6	12
Central New England	10	15
Central New England, pref	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	70
Cincin., N. O. & Tex. Pac	135	140
Cincin., N. O & Tex. Pac., pref	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref	65	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref	90	100
Grand Rapids & Indiana	25	45

	Bid.	Asked.
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref	90	95
Georgia, South & Florida, 2d pref	65	75
Huntington & Broad Top	8	9
Huntington & Broad Top, pref	20	25
Kansas City, Mexico & Orient	14	17
Kansas City, Mex. & Orient, pref	20	24
Louisville, Henderson & St. Louis	12	15
Louisville, Hend. & St. L., pref	30	37
Maine Central	205	...
Maryland & Pennsylvania	20	25
Michigan Central	155	170
Mississippi Central	32	36
Northern Central, new ctfs	200	...
Pitts., Cin., Chic. & St. L., pref	105	115
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	24	31
Pere Marquette, 1st pref	45	58
Pere Marquette, 2d pref	28	35
St. Louis, Rocky Mt. & Pac., pref	..	40
Seaboard 1st pref	72	80
Seaboard 2s pref	39	43
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref	50	70
Virginian	18	25
Vandalia	75	82
Williamsport & North Branch	1	4

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	6	5
So. Ry. 4½%, Series E, June, '14	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York City.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	54	60
Bway Surf Ry 1st 5s	1924	J&J	102	104
Bway & 7th Av stock	....	....	120	135
Bway & 7th Av Con 5s	1943	J&J	100	102
Bway & 7th Av 2d 5s	1914	J&N	99	100½
Col & 9th Av 1st 5s	1993	M&S	95	100
Christopher & 10th St	...	QJ	80	100
Dry Dk E B & Bat 5s	1932	J&D	98	101
Dry Dock E B & Bat Ctfs 5s	1914	F&A	40	49
42d St M & St N Av 6s	1910	M&S	95	100
Lex Av & Pav Fy 5s	1922	M&S	95	98
Second Av Ry stock	....	....	5	12
Second Av Ry Cons 5s	1948	F&A	52	60
Sixth Av Ry stock	....	....	115	130
South Ferry Ry 1st 5s	1919	A&O	88	91
Tarryt'n W P & M 5s	1928	M&S	60	80
Union Ry 1st 5s	1942	F&A	100	102
Westchester El Ry 5s	1943	J&J	65	85
Yonkers Ry 1st 5s	1946	A&O	70	85
New Amst Gas Cons 5s	1927	J&J	100	101
Central Union Gas 5s	1932	M&S	100½	102
Equitable Gas Light 5s	1948	J&J	101	105

		Bid.	Asked.
N Y & E R Gas 1st 5s. 1944	J&J	102	104
N Y & E R Gas Con 5s. 1945	J&J	98	100
Northern Union Gas 5s. 1927	M&N	99	101
Standard Gas Light 5s. 1930	M&N	103	106
Westchester Light 5s.. 1950	J&D	100	102
Brooklyn Ferry Gen 5s. 1943	....	23	26
Hoboken Fy 1st mtg 5s. 1946	M&N	102	105
NY & Bkn Fy 1st Mt 6s. 1911	J&J	94	98
NY & Hobok Fy Gen 5s. 1946	J&D	96	99
NY & East River Fy......	QM	22	30
10th & 23d St Ferry......	A&O	30	40
10th & 23d St Fy 1st 5s. 1919	J&D	65	75
Union Ferry	QJ	25	29
Union Ferry 1st 5s.... 1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	70	75
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	84	87
Continental Coal 1st 5s, 1952......	95	100
Fairmount Coal 1st 5s, 1931......	95	98
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951......	99	101
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951.............	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955.	70	80
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co.., 1st 5s, 1928	88	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932....	108	110
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942..	80	83½
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Froundries 4s, 1923...	69	71
Amer. Steel Foundries 6s, 1935...	100	101
Balt. & Ohio, Southwest. Div. 3½s.	90	91
Bethlehem Steel 5s	85½	86
Chi., Burlington & Quincy Gen. 4s.	97	97¾
Chi., Burl. & Quincy Ill. Div. 4s...	99⅜	100
Chi., Burl. & Quincy Ill. Div. 3½s.	88	89
Cin.. Hamilton & Dayton 4s.....	97¼	93¾
Denver & Rio Grande Ref'ng 5s..	90	92
Louis. & Nashville unified 4s	98¼	98¾
Mason City & Ft. Dodge 4s	83½	84½
Norfolk & West. Divisionals 4s...	93	94
Savannah, Florida & Western 6s..	133	...
Va. Carolina Chem. 1st 5s	100	100¼
Western Maryland 4s	86	86⅝
Wheeling & Lake Erie cons. 4s....	83	86
Wis. Central, Superior & Duluth 4s	92	93
Western Pacific 5s	94½	95½

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. Com.	37	39
Bonds, 6%, due 1932 (Int.)	93	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	75	80
Arizona Power Co., bonds 6%, due 1933	85	93
Arizona Power Co. pref.	45	55
Arizona Power Co. com.	24	27
Great Western Power Co. bonds, 5%, due 1946	88	89
Western Power Co. pref.........	67	69
Western Power Co. com..........	42	42½
Mobile Elec. Co. bds., 5%, due 1946	88	90
Mobile Electric Co. pref., 7%.....	90	...
Mobile Electric Co. com.	25	30
Amer. Power & Lt. Co., pref., 6%..	79	81
Amer. Power & Lt. Co. com....	48½	50

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmerman & Forshay, 9-11 Wall street, New York.

	Bid.	Asked.
German Govt. 3½s	92	93
do 3s	83	84
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	100¼	101¼
Hessian Govt. 3½s	90¼	91¼
Saxony Govt. 3s	82¼	83¼
Hamburg Govt. 3s	81	82
City of Berlin 4s	100	101
City of Cologne 4s	99¾	100¾
City of Augsburg 4s	99½	100½
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92	93
City of Vienna 4s	95½	96½
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	91½	92½
French Govt. Rente 3s	96½	97½
British Consols 2½s	78½	79½

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall Street, New York.

	Bid.	Asked.
American Brass	120	125
American Chicle Com............	223	228
American Chicle Pfd............	99	103
American Coal Products..........	92	95
American Gas & Electric Com....	45	48
American Gas & Electric Pfd....	40	42
Adams Express	251	265
American Express	238	248
American Light & Traction Com..	285	290
American Light & Traction Pfd..	101½	104
American District Tel. of N. J....	48	53
Babcock & Wilcox	97	102
Borden's Condensed Milk Com....	123	125
Borden's Condensed Milk Pfd....	105	108
Bush Terminal	95	100
Childs Restaurant Co. Com......	140	145
Childs Restaurant Co. Pfd.	105	111
Cripple Creek Central Com......	20	30
Cripple Creek Central Pfd.......	43	48
Del., Lack. & Western Coal......	210	220
Du Pont Powder Com............	145	150
Du Pont Powder Pfd.............	82	84
E. W. Bliss Com.	120	130
E. W. Bliss Pfd.	125	135
Hudson & Manhattan Com......	18	20
International Nickel Com........	142	150
International Nickel Pfd.........	90	93
International Silver Com.........	50	80
International Silver Pfd.........	108	112
Int. Time Recording Com........	190	225
Int. Time Recording Pfd.	112	120
Kings Co. E. L. & P.	124	126
Otis Elevator Com.	49	52
Otis Elevator Pfd.	94	98
Pacific Gas & Electric Com....	70	71¼
Pacific Gas & Electric Pfd.....	87	89
Phelps. Dodge & Co............	205	220
Pope Manufacturing Com.	58	62
Pope Manufacturing Pfd.	75½	79½
Producers Oil	116	151
Royal Baking Powder Com......	185	195
Royal Baking Powder Pfd......	105	108
Safety Car Heating & Lighting...	137	141
Sen Sen Chiclet	139	145
Singer Manufacturing	345	355
Standard Coupler Com.	30	40
Texas & Pacific Coal	97	101

	Bid.	Asked.
Tri-City Railway & Light Com..	28	32
Tri-City Railway & Light Pfd..	92	96
U. S. Express	99	101
U. S. Motors Com.	48	53
U. S. Motors Pfd.	68	73
Union Typewriter Com.	47	51
Underwood Typewriter Pfd.	99	100
Underwood Typewriter Com.	58	62
Virginian Railway	20	25
Wells Fargo Express	160	164
Western Pacific	20	25
Western Power Com.	41½	43½
Western Power Pfd.	67½	68½
Worthington Pump Pfd.	103	108

BANK AND TRUST COMPANY STOCKS

[Corrected to November 20, 1910.]

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	...
Amer. Exchange Nat. Bk.	10	230	240
Audubon Bank	..	115	125
Bank of America	26	590	...
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	315	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	..	125	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	300	...
Bryant Park Bank	..	155	165
Century Bank	6	160	175
Chase National Bank	6	425	440
Chatham National Bank	16	300	325
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	425	435
Citizens Central Nat. Bk.	6	145	155
Coal & Iron Nat. Bank	6	150	...
Colonial Bank	10	400	...
Columbia Bank	12	350	400
Corn Exchange Bank	16	312	320
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	835	860
Fourteenth Street Bank	6	150	160
Fourth National Bank	8	190	195
Gallatin National Bank	14	330	340
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	460	..
Germania Bank	25	500	...
Gotham National Bank	..	150	...
Greenwich Bank	10	250	260
Hanover National Bank	16	600	630
Importers' & Traders Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	175
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	250	...
Mechanics & Metals Nat. Bank	12	245	250
Merchants' Nat. Bank	7	177	...
Merchants' Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	175	...
Metropolitan Bank	8	200	208
Mount Morris Bank	10	250	...
Mutual Bank	8	270	300
Nassau Bank	8	240	...
Nat. Bk. of Commerce	8	200	205
Nat. Butchers & Drovers	6	135	145
National City Bank	10	380	388
National Park Bank	16	350	355
National Reserve Bank	6	100	...
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	310	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	225
Nineteenth Ward Bank	..	215	255
Northern Bank	6	...	105
Pacific Bank	8	230	240
People's Bank	10	250	280
Phenix National Bank	8	185	200
Plaza Bank	20	600	...
Seaboard National Bank	12	400	...
Second National Bank	12	400	...
Sherman National Bank	..	125	...
State Bank	10	275	300
Twelfth Ward Bank	..	...	140
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	8	170	...
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	320	330
Bankers' Trust Co.	16	630	650
Broadway Trust Co.	6	140	150
Brooklyn Trust Co.	20	435	...
Central Trust Co.	45	1015	1035
Central Trust Co.	45	1000	...
Columbia Trust Co.	8	270	...
Commercial Trust Co.	..	115	...
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	455	470
Farmers' Loan & Trust Co. (par $25)	50	1625	1675
Fidelity Trust Co.	6	210	...
Franklin Trust Co.	8	...	220
Franklin Trust Co.	8	2[illegible]0	220
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	800	810
Guardian Trust Co.	..	...	165
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	150	175
International Bank'g Corp.	..	90	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	300	305
Lawyers' Title Insurance & Trust Co.	12	255	260
Lawyers' Mortgage Co.	12	240	250
Lincoln Trust Co.	..	...	140
Long Isl. Loan & Trust Co.	12	300	...
Madison Trust Co.	..	...	210
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	515
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	250	265
N. Y. Life Ins. & Trust Co.	45	1100	...
N. Y. Mtg. & Security Co.	12	195	205
New York Trust Co.	32	625	650
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	90	105
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	495	510
Trust Co. of America	10	320	330
Union Trust Co.	50	1275	1300
U. S. Mtg. & Trust Co.	24	475	...
United States Trust Co.	50	1175	1190
Van Norden Trust Co.	..	...	210
Washington Trust Co.	12	370	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	...	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
First National Bank	12	400

	Div. Rate.	Bid.	Asked.
First Ward Bank	8	185	
Fourth National Bank	7	173	
Merchants National Bank	10	254	
Metropolitan National Bank	6	122	
National Bank of Commerce	6	173½	
National Market Bank, Brighton	6	116	
Nat. Rockland Bank, Roxbury	8	167	
National Shawmut Bank	10	375	
National Union Bank	7	196	
National Security Bank	12	*	
New England National Bank	6	152	
Old Boston National Bank	5	124¾	
People's National Bank, Roxbury	5	122	
Second National Bank	10	265¾	
South End National Bank	5	104½	
State National Bank	7	170	
Webster & Atlas National Bank	7	173	
Winthrop National Bank	10	325	

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	200
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	325
Old Colony Trust Co.	20	700
Puritan Trust Co.	8	200
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	...	110
Austin State Bank	10	280	...
Central Trust Co.	7	164	168
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	150
Citizens Trust Co.	4	125	...
Colonial Tr. & Sav. Bank	10	180	185
Drexel State Bank	6	...	151
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	118	123
Farwell Trust Co.	6	120	125
Hibernian Banking Assn.	8	213	216
Illinois Tr. & Sav. Bank	20	498	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	135	140
Lake View Tr. & Sav. Bk.	5	140	145
Merchants Loan & Tr. Co.	12	423	435
Metropolitan Tr. & Sav. Bk	6	119	123
Northern Trust Co.	8	314	318
North Avenue State Bank	6	138	142
North Side State Bank	6	135	...
Northwest State Bank	4	117	120
Northwestern Tr. & Sav. Bk.	6	137	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank.	8	160	165
Railway Exchange Bank	4	125	...
Security Bank	6	178	185
Sheridan Tr. & Sav. Bank	6	110	112
South Side State Bank	..	140	150
State Bank of Chicago	12	340	...
State Bank, Evanston	10	290	...
Stockmen's Trust Co.	5	115	118
Stock Yards Savings Bank	8	...	215
Union Bank	6	134	138
Union Trust Co.	8	275	...
Wendell State Bank	..	110	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	145	150
Wilmette Ex. State Bank	..	110	115
Woodlawn Trust	8	136	142

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	300	...
Corn Exchange Nat. Bank	16	415	420
Drovers Deposit Nat. Bank.	10	220	225
First National Bank	16	425	428
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	170	180
Live Stock Exchange Nat. Bank	10	230	235
Monroe National Bank	4	130	135
Nat. Bank of the Republic.	8	190	198
National City Bank	6	218	221
National Produce Bank	4	145	150

MONEY IN BANKS

THE COUNTRY IS STILL SAVING AND CAREFUL, FIGURES SHOW

As a people—taking us as a whole—we are not prodigal, we are not extravagant, we are not improvident. Quite the contrary. Regardless of all appearances, Yankee thrift and Yankee caution still dominate us. For example: The latest statistics we have on the subject show that for a single month of the present year the total savings deposits in the United States amounted to $5,500,000,000. This is an average of $381.28 per account and $64.92 per capita of population. In England the average account is $80.70 and $23.08 per capita of population. In France the average account is $74.03 and $24.48 per capita of population. In Germany the average account is $171.07 and $51.79 per capita of population.

It may be said that with our opportunities to save our showing ought to be much better. Very true, and it is. The savings of the American people are only partly represented by the savings bank deposits. In no other country can such a large percentage of the population be classed as land and house owners; in no other country can such a large percentage of the population be classed as investors. It must be admitted and regretted that there is altogether too much extravagance and waste in this country, but no good purpose can be subserved by exaggerating our faults. We are not doing so well as we might, but we are improving every year.—*Christian Science Monitor.*

SAFE DEPOSIT

GUARDING AGAINST THE CARELESSNESS OF SAFE DEPOSIT BOX RENTERS

By Thomas W. Hotchkiss

I HAD been but a short time in charge of the new safe deposit vaults of one of the West Side trust companies in New York, and was showing the boxes of various sizes to a prospective customer, when I opened a small, five-dollar-a-year one and noticed some white tissue paper tucked away in the end of the box where the long lid was attached by a hinge to a narrow cross-piece. I put in my hand and brought out a neatly rolled wad containing something hard, and, unrolling it, saw flashing up at me a dozen diamond-and-sapphire buttons—exceptionally large sapphires, each surrounded by a circle of diamonds and set in burnished gold, with clasp at the back.

The customer, with eager eyes, exclaimed: "I'll take that box as it stands!"

"Not if I know myself," I replied; for I realized that here was one of those unexpected incidents in the early business career of a safe deposit company, which called for prompt and unerring judgment and a plan to prevent its repetition. I remembered that the box had been released by a woman who needed a larger one, and it was easy to locate her through our card index. When I restored the jewels to her, she said, "I thought I must have left them there, and I was going to look." Her calm indifference to the danger of loss and her confidence in the security of the vaults reminded me of a conversation between Mrs. Couponz and Mrs. Goldbonds: "My husband says we must economize; all his securities are dropping lower every day," said one. "Mine are all right, I know," answered the other. "I keep them in a safe deposit vault."

Day-Time Safeguards.

One would suppose that with the massive and intricate construction of the modern safe deposit vault and the watchfulness of the guards at night to prevent assault upon any part of the place, there were sufficient safeguards for all practical purposes. It is in the day time, however, that the utmost care must be observed by the vault's custodians. They have to guard themselves then not against burglars, but against sneak thieves the "light-fingered gentry." The vault door is open. Customers pass in and out, and, during the busy hours of the day, are there in considerable numbers. It is a matter of some surprise that customers, once within the grille, should enter the vault, unlock their safes, and then, unguarded, remove their tin boxes, and pass and repass out of the vault into the coupon rooms adjoining, and so return.

This unguarded freedom of action has been referred to as a measure of the pecuniary confidence which members of a community repose in one another, as one of the signs of the times and an index of our advanced civilization.

But it must be remembered that no person is admitted as a box holder in a safe deposit company who has not been properly introduced and given reliable references, which have been promptly investigated; and each one so admitted, for identification afterwards, is required to have his personal description and signature, and is given a secret pass-word, which at any time may be demanded of him by the guard at the grille door. If a box-holder finds it necessary to appoint a deputy to visit the vault for him, the appointment is made only by power of attorney, signed, sealed and witnessed; and the same means of identification are required of the deputy as of their principal.

Notwithstanding the employment of all these precautions to insure identification of customers and to prevent burglary and theft, the guardians of treasure in the safe deposit vault have to prevent a further danger. They must circumvent the carelessness of the box-holders themselves.

There is small chance of anyone attempting to "hob-nob" with the locks while the guards are armed with revolvers and with a stack of Winchesters standing ready at hand. But what shall be done with a customer like the woman who left her jewels in the box she relinquished? The restoration of the jewels and her receipt for them are not sufficient. The boxes of the entire vault must be reconstructed, so there will be no place in them where possessions can be left hidden; and every time a box is relinquished it must be examined immediately by one of the vault attendants, to satisfy himself that it is empty.

Protecting the Absent-Minded.

What shall be done with the box-holder who thoughtlessly puts his tin box in another man's safe, the door of which he finds

LAKE COUNTY BANK

AN OPEN LETTER

To the Public:---

In view of the fact that many people know very little about Safety and Convenience of Safe Deposit Boxes, we are prompted in using this method of acquainting the Public in general, with the many advantages connected with them.

In the first place, the Vault in which these Boxes are kept, is absolutely Fire-proof and the Boxes now in use are new and modern in every respect, and among the finest to be found in the State.

These Boxes are located in a large Customers Vault, entirely separate from the main Bank Vault, and built especially for these Boxes.

The Boxes are large enough to contain many Valuable Papers such as Old Receipts, Insurance Policies, Deeds, Notes, Etc., together with other Valuables, that you may wish to put away.

When renting one of these Boxes you are given a key, and have access to the Vault at all times during Banking hours. No one has access to your Box except yourself or a duly authorized person by yourself.

The rental of these Boxes is but One Dollar a year. Can you afford to be without one, when for a Single Dollar you may rest assured that your Valuables and Valuable Papers are absolutely Safe, Convenient, and Strictly Private.

We invite you to call at this Bank and see what convenient safe arrangements we have made to accommodate you, and to protect your Valuables against loss from fire and other causes,

Yours respectfully,

Lake County Bank.

One of a series of newspaper ads. used by the Lake County Bank of Madison, S. D., in its campaign for new box renters

open next **his** own, and who then locks the door with the key already in the lock, puts the key in his pocket and goes home? The danger of this accident lies in the fact that the other man—the renter of that box—is provided with a duplicate key. There should be upon every tin box in a safe deposit vault the number of the safe to which it belongs; each box-holder should be required to lock his safe door, after removing his box, before taking it into the coupon-room; and the vault attendant should see him replace it.

What shall be done for the customer who leaves coupons of good bonds, endorsed checks, or rolls of bills in the coupon-rooms? These accidents happen occasionally in the busiest safe deposit vaults, and record-books are kept of the articles found. Coupons have been found under the blotter on the table, on the floor, and in the waste basket. Sometimes the customer leaves before the room can be searched, and then there is no means of tracing the owner, except possibly by his name on the envelope containing the coupons, or by the return of

the owner in search of them. The entries in the record-book of one vault show the finding of a watch, a diamond brooch, a seal ring, a pocket-book containing bills, a diamond pendant, a bank book, 800 shares of choice stock, and other articles. A woman may remove her rings to handle her papers more readily and leave them in the table drawer. A man may hang his watch on the electric fixture, to show him the time, and then go away without it. Various other careless acts are the cause of leaving articles in the coupon-rooms.

Dealing With the Unexpected.

It may be supposed that such carelessness is too extreme to be a common condition, and that is true. The singular feature of the situation is, however, that people who pride themselves on their carefulness are sometimes the very ones to be negligent. The story is told by the manager of a busy New York vault that a certain lady found among the envelopes in the stationery case of a coupon-room an envelope containing coupons. She said she didn't see how people could be so careless. A few months later another customer found $800 in coupons belonging to the lady who found those in the envelope.

Careful people are careless unexpectedly. A certain man who was in the habit of turning up every sheet of paper, blotter, envelopes, waste basket and everything else in the coupon-room, to make sure he left nothing behind, left his diamond ring on the wash stand in the toilet-room. It seems to be with such a man a condition of momentary pre-occupation of mind and consequent forgetfulness. It shows how important it is to watch over mental states and processes, to guard against such mental absorption while transacting important business, especially where valuable property is being handled.

Equally important is it for bank officials to inquire into the state of mind of prospective employes before putting them to work, to determine not only whether they are "worthy of trust, honest and sober, willing and obliging, neat and orderly," but also whether they have any mind-tormenting worries that are likely to make them forgetful and negligent of their responsible duties—worries which a frank and friendly talk with the superior in office will probably easily solve.

Safe deposit keepers recognize some customers as careless and some as careful, but all are watched. Formerly the customer would inquire about the honesty and reliability of the safe deposit company's custodians; now the situation is reversed. It is an interesting study in human nature. One man will walk out into the street with his safe deposit box under his arm, absent-mindedly starting for home before being checked by the watchman at the grille. He has a right to take the box home, although it belongs to the company; but it is unusual to do so, and is preferably done by agreement with the manager. Another man will go home, and not remembering whether he locked his box, will ring up the vault by telephone in a state of desperate worry, until assured that his box is locked.

The Personal Element.

It all comes back to the watchfulness and honesty of the officials in charge of the vault. The largest and busiest vaults in New York, with a clear record of from twenty-five to forty years or more, have sustained no loss by reason of inability to restore goods left in the vaults by customers, or by reason of dishonesty of employes; though it is sometimes claimed that valuables have been extracted from safes—valuables which afterwards turn up at the owner's home, in his "other clothes," or elsewhere.

The vault officials have learned to know every one entering the vault; to look out especially for the caller who says he wants to see one of the vault's customers; to cover every possible chance of carelessness on the part of customers as well as themselves; and to check up each other's work at every important step, particularly in setting the time-locks, and in locking the vault at night, after every corner has been searched for stray possessions of customers.

**You Are Apt to Say,
I Wish I Had**

secured protection for my valuables, should you fail to do so. Our Vaults are **FIRE** and **BURGLAR PROOF**, conveniently located on ground floor, and **OPEN 8 A.M. to 6 P.M.** Inspection invited.

Private Safes, $3.00 Per Year.
21½ inches long, 4¾ wide, 2¾ deep.

**PIONEER VAULTS
FOR VALUABLES**

**37 TO 51 FLATBUSH AVE.
PHONE 6900 MAIN**

A small, but striking, one column newspaper ad. Note especially that the rental price and size of the box is mentioned

INCREASING BUSINESS BY PUBLICITY

HAVING expended considerable capital for vault fittings, the First National Bank of Pittsburgh, after the completion of its new home a year ago, began a campaign of publicity calculated to arouse the interest of prospective box-renters. Through personal work, newspaper advertising, follow-up letters and circulars, the bid for business was made. Success has followed, as it always does, whenever an institution goes into a campaign of this sort with determination to win out.

Perhaps the best results have been obtained through the use of the bank's house-organ. This little magazine has a rather surprising circulation, and it is generally read too, because it contains real news in addition to the advertising.

A recent issue of *The Business Monthly* contained some printed arguments that it might be profitable to mention. This particular article was headed, "Under Lock and Key," and ran as follows:

Almost everybody nowadays is the possessor of some treasure which he or she wishes kept in a secure place, where it will be safe from danger and beyond the reach of prying eyes. It may be some tangible property, representing the savings of years, in the form of bonds or stocks; it may be a cherished heirloom, priceless old lace, or costly jewelry. The articles for which security is desired are diverse in kind and numberless in quantity, and the wish for some private receptacle for one's private treasures is quite natural. In olden times it was the custom to bury gold and silver in the fields, and this is still the custom in some Oriental countries, where safe facilities for treasure-keeping are scarce. In some countries "the strong box" was long a feature of the man of means, while persons of small wealth were prone to hide valuables in secret drawers, or in some other recess of their dwellings.

The strong box did very well when the owner was in a position to defend it against marauders, and in times when wealth was usually in bulky form—in those days, for example, when the pound sterling really consisted of twelve ounces Troy of fine silver. In these days of corporations, however, when vast sums of capital are collected together for enormous enterprises, and each contributor's share is represented by a document known as a certificate of stock, wooden boxes and secret drawers are altogether unsuitable for the care of a single sheet of paper which may represent, let us say, 100 shares of United States Steel preferred, of a value of $12,800, or the same number of shares of bank stock worth several times as much. No wise person trusts his life insurance policies, his receipts for the annual premium thereon, his fire insurance policies, his last will and testament, his bonds and mortgages, to a compartment in his desk. The loss resulting from the destruction of these things by fire, or through theft, is too heavy to be

Door and Entrance to Safe Deposit Vault, First National Bank of Pittsburgh

thought of. Women who are the possessors of gems of price do not wear them constantly, or keep all of them in their boudoirs, if they are wise. Some are carefully bestowed in a place of undoubted security, where they are within reach during the day, for the function of the evening.

Thus it is that the Safe Deposit Department of the modern bank has come to be a necessity. It is an outgrowth of modern needs. Such a department is the depository, in a large city, of securities and valuables representing in the aggregate vast sums of money, and the problem of providing absolute safety for such deposits has engaged the closest attention of the highest inventive and constructive skill. All of the most modern appliances for safety and convenience have been utilized in the Safe Deposit Department which the First National Bank of Pittsburgh has installed in its new building. No expense has been spared to provide the very highest order of material and workmanship, and the result is a pre-eminent example of the art of vault-making, a description of which should be of deep interest to all, whether they have valuables to deposit for safe-keeping, or are merely interested in knowing what man has done to render impregnable a great modern treasure house.

In the construction of the vault, Harveyized nickel-steel armor plate is used, some of the largest pieces ever forged being employed. Only two of these are used for the floor, but they are four inches thick and weigh 58,800 pounds. The circular outside door, of the same material, is eight feet in diameter, twenty-three inches thick, and weighs seventeen tons. It is provided with quadruple time locks and dial combination lock. Notwithstanding its great weight, so delicately hung is it, on hinges carried on roller bearings, that it is easily opened and closed. The door is provided with twenty-four bolts, each three and one-half inches in diameter and weighing fifty-five pounds. When closed, special machinery seats the door in its place, and when locked the vault is absolutely water-tight, for the door is

Interior View Safe Deposit Vault, First National Bank of Pittsburgh

ground to an absolutely perfect liquid-proof joint, and fitted to the jamb in a manner similar to the seating of a disc valve. The compressor system, bolting and locking mechanism, and protective devices possess the highest known degree of perfection.

There are four time locks on this front door, which are wound and set every morning. If three of these locks should go wrong (an almost impossible contingency), the other time lock would allow the door to be opened at the proper time. This is not all, however; if anything should happen to prevent the front door from opening, there is a smaller emergency door, with similar protection, in the rear of the vault. This is provided with three time locks. There are seven time locks, therefore, in all, and it would be necessary for all seven to get out of order to prevent the opening of the door at the time indicated by the clocks. Once locked, however, at 4:30 in the afternoon, no power on earth can gain access to the vault until 8:15 the next morning, the time set for the opening.

The electrical safety appliance deserves special mention. Completely surrounding the vault—top, bottom, sides, ends and doors—is a device arranged to report instantly any tampering with the mechanism. Just back of the sheet of steel, one-eighth of an inch thick, which forms the inside finish of the vault, are two sheets of tinfoil wire, with paraffine paper between them, electrically connected with the offices of the Holmes Electric Protective Company. If so much as a pin-prick were to bring these sheets together, an alarm would instantly be sounded in the company's offices, which would be responded to instantly by the guards constantly on duty.

The interior of the vault is fitted up with private safes of various sizes, most of which are secured by keys, but there are a few provided with combinations. The renter is provided with two keys, and the bank retains no key that will open any rented safe. With each safe there is a tin box of improved design, and much more convenient than boxes hitherto in use. It is provided with two lids, hinged in the middle, thus affording access to either end without disturbing the contents of the other end of the box. The renter insures absolute privacy in the examination of the contents of his box, by taking it to one of the individual booths, which is provided with every requisite, including stationery and coupon cutters.

Next to absolute security, the renter of a private safe wishes his valuables to be easily accessible when he wants them. No out-of-the-way place will do for a public vault. There could not be a more convenient location than the corner of Fifth avenue and Wood street, right in the heart of the business and shopping district, and therefore easily accessible to men and women alike. The vault is only a few steps from the Fifth avenue entrance of the bank. It is reached from the vestibule without entering the main banking room. The manager will take pleasure in explaining the advantages of renting a private safe in this impregnable vault, and of pointing out the provisions for absolute security and for the convenience of the customer. Safes are rented as low as $5 a year, quite large enough for ordinary purposes, thus affording absolute insurance for valuables for less than two cents a day.

FRENCH BANKERS STUDYING THE SAFE DEPOSIT SYSTEM

THE safe deposit system employed in New York and Chicago will be used in the construction of banking institutions of Paris and other French cities, according to Jacques Hermant. He is architect at the City Hall at Paris and expert president to the Paris Civil Tribune. "We come to America," Mr. Hermant said, "to study the systems employed in the safety deposit vaults of the larger banking institutions, with the view of adopting them in our banking institutions. The system in New York is excellent and we expect to secure what we desire from the systems in use there and in Chicago. In many ways the ideas of Chicago are being adopted in European cities and this city has a most excellent reputation throughout all Europe."

CHICAGO COMPANY SPREADING OUT

STOCKHOLDERS of the Harris Safe Deposit Company of Chicago have elected the following additional directors: W. M. Pelouse, Robert M. Wells, G. P. Hoover and N. C. Kingsbury. An additional $375,000 to the capital stock was ordered, making the total outstanding stock of the company $1,625,000. The total authorized issue is $2,000,000.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

INDUSTRIAL HOUSTON

By Adolph Boldt, Secretary Houston Business League

WITH the rapid increase of population in this city during the past five years, there has been going on a still more rapid rate of development in the exploitation of material resources, such as agriculture, commerce, the industries, and all of those activities that add materially to the wealth and advancement of a community.

There is nothing anomalous in the fact that throughout the entire republic, Houston, as a city, is regarded as the marvel of the great Southwest. Pre-eminent in its growth in population; in the massiveness of its commercial buildings; in the extent and variety of its manufacturing enterprises; in the stability of its financial institutions; in its public schools and institutions for higher education, both technical and practical, in its transportation facilities; in the number of its railroads and the rich purchasing territory they penetrate; in the abundance and variety of its natural resources; all tending to reduce the item of household economy; and in the resolute, progressive and broad-minded character of its inhabitants, Houston has indeed become the first city in importance, not only in the State of Texas, but in the entire Southwest as well.

The above facts create no wonderment in the minds of those familiar with our agricultural conditions and the natural resources of our great State. Almost the entire Texas supply of timber, iron, oil, coal and gas are found east of a line drawn from Wichita Falls on the north to Brownsville on the south, embracing about one-third of the State's area. All of the sugar cane, rice, fruit, tobacco, as well as the most productive corn and cotton lands in the State are included in the same area and the city of Houston is easily accessible to almost every section of this rich and productive territory, and has become its great central market both for concentrating and distributing purposes. The largest inland port cotton market in the world, its receipts for the season of 1908-09 averaged 2,604,000 bales, valued at $121,000,000. Because of Houston's splendid water transportation facilities, there is saved to the cotton industry of Texas the sum of $3,000,000 annually in freight charges. Additional millions are also saved to shippers on miscellaneous cargoes, but the saving on cotton forms the largest individual item.

Street Scene, Business Section, Houston, Texas

The wholesale lumber trade aggregating $37,000,000 annually, is also largely benefited by the great reductions in transportation charges, which have been made to apply to and from Houston on account of water competition. And the Houston manu-

facturer is enabled to transport his raw material on a rate of freight much lower than applies to any of the inland cities, and in the distribution and sale of his manufactured products, he is protected by a correspondingly low rate out-bound. The same benefits are also enjoyed by wholesale, jobbing and retail merchants, and in time these benefits find their way to the great mass of consumers.

THE NEW SHIP CHANNEL.

It was no chance or fortunate circumstance that determined the location of this city on an arm of the sea, although fifty miles inland. This water way, now known as the Houston ship channel, became in time, and for the purpose of improvement, a national government project, which provides for a depth of twenty-five feet its entire distance. There is at present a universal

The Carter Building, Houston, Texas. Tallest and Finest Office Building in the South

depth of eighteen feet. A recent appropriation by Congress provided an additional sum of $1,250,000, which together with an equal sum to be furnished by the city of Houston, will complete the ship channel to its proposed depth, and according to the recommendations of the United States board of engineers. That the city of Houston should

Half Million Dollar Court House, just completed, Houston, Texas

Interior View Bankers Trust Company, Houston, Texas

expend dollar for dollar with the Federal Government for the early completion of this work is indicative of the faith its citizens have in the important part the ship channel is to bear in further establishing and maintaining our commercial and industrial supremacy.

With its completion there will be available factory sites almost within the city limits. Extending for a distance of twenty-five miles on each bank there will be factories where we do not dream of them now. For raw material and the distribution of their manufactured products the factories will not be entirely dependent upon artificial transportation, for towards them will flow at a depth of twenty-five feet, and capable of floating upon its bosom the largest ocean carriers, a steady, equal, dependable stream.

The arrival and departure of ocean carriers is not contemplated from the city wharves. Deep draft vessels will be handled from the turning basin, three miles distant, where the city owns 174 acres of land, and is at present engaged in the construction of wharves, warehouses and terminals, the usages of which will be free to all vessels entering and clearing from the port of Houston. By reason of the navigation of this waterway, the rail lines, rather than have their revenues encroached upon, have met the rates made by the water carriers, the law prohibiting the advance of such rates thereafter.

New Building for the Union National Bank of Houston

To appreciate the many opportunities which exist for the profitable investment of capital in the Houston territory, it will be necessary to bear in mind the all-important

fact that we are not dependent upon a single industry, but, on the contrary, we are the headquarters for some of the most gigantic enterprises which have had to do with the development of the coastal belt. Cities

J. S. RICE
President Union National Bank; President Bankers Trust Company, Houston

there are with deep water, but they are not reached by seventeen distinct lines of rail transportation, nor do they command trade relations with a territory as extensive and as rich agriculturally as that centered around Houston. The largest independent oil company in the United States, capitalized at $36,000,000, is a Houston corporation, which together with the other oil companies here, handle almost the entire Texas production, averaging 12,000,000 barrels annually. The Texas production is taken from fields strictly within the trade territory of Houston, and all oil operations are directed from the Houston headquarters.

Of the 282,000 acres planted in rice, the entire production is to be found in counties adjacent to Harris, of which Houston is the county seat, and of the 3,000,000 bags produced in 1909, 2,000,000 bags were handled by our mills, making Houston the largest primary rice market in the Union.

MUTUAL CENTER OF MANY INDUSTRIES.

Opportunities await the capitalist here, not only in the further development of the rice industry, and in the preparation of cereal foods, but likewise in the preparation of paper from the rice straw. With the development of this industry, the erection of a paper mill at Houston, the very center of the rice producing section, would be the logical step. The consumption of paper in Texas is enormous. It is stated that the newspapers in the five leading cities consume 600 tons of paper per month, or 7200 tons during the year. Other newspapers, job printing firms and merchandise establishments, consume at least three times as much, so there is a demand in Texas for at least 2,000 tons of paper per month. The demand from other States would be sufficient to place a rice paper mill in a position to be active in competition with mills using other raw material.

We are told that "theoretically the prime factors of the industrial problem are raw material, power, transportation and markets." Houston is easily accessible to raw material so diversified in character as to be capable of creating a condition of industrialism second to none in the South, were it not for the conservative force of capital

D. C. DUNN
Cashier Union National Bank, Houston

already invested; ore, which could be converted into structural material, and a thousand and one articles of necessity and constant demand; timber for the manufacture of lumber for general construction purposes,

and to supply wood-working and furniture factories; petroleum and lignite, the cheapest fuels in the South—these natural resources abound in vast quantities. Valuable clays for the manufacture of building brick and drainage tile; and both glass and building sand are almost within a stone's throw of the Houston ship channel. Other products of minor importance need not be mentioned.

And as to cotton mills. Is there anything more logical than the manufacture of cotton goods at the greatest inland cotton market in the world? There will undoubtedly be established ocean transportation lines clearing from the port of Houston for seaboard and eastern points, and for foreign ports as well. Why should not these vessels go laden with cotton goods, manufactured in the largest cotton market of the State producing two-thirds of the entire cotton crop of the South?

The Banking Interests of Houston.

The Bankers' Trust Company of Houston was organized in the summer of 1909 by H. N. Tinker, who was made president. Mr. Tinker recently resigned his office and J. S. Rice is the present executive. It opened for business September 1 of the same year in its magnificent quarters in the Scanlan building. It occupies floor space of 5000 square feet, having a frontage of eighty-five feet on the main street of the city and a depth of 100 feet. The location is considered the most choice in the city.

The capital paid in at the beginning was $500,000, the surplus $25,000. The earnings for the first ten months' business amounted to $100,000, or twenty-five per cent. on the capital. At the end of the first six months a five per cent. dividend was declared, and the second semi-annual dividend was paid on September 1. At this time the capital stock of the institution was increased to $1,000,000, making it the largest trust company in Texas and among the largest in the entire South.

The stock of this company is distributed over fifteen different States and 150 different cities.

The Bankers' Trust Company proposes to increase in size and its facilities for handling the rapidly increasing business of the territory it occupies and to keep pace with the large growth of Houston. This company not only proposes to grow in proportion to the growth of Houston, but it will also serve a purpose and a people in such a manner that it will reap greater profits than have been earned up to the present time.

The directors of the company represent the financial strength of Texas, the various enterprises which they manage being the most successful. They are interested in nearly every line of trade and they give to the trust company a peculiar service, which is not only an advantage to the stockholder, but also to people seeking information or correct financial assistance.

It has inaugurated one line of business which is proving profitable and popular, and that is the issue of six per cent. coupon real

The Jones Building, Home of the Southern Trust Company, Houston, Texas

estate notes, based upon an actual fifty per cent. real cash valuation of the property at the time the loan is made. Every precaution possible is taken in making these loans. The company's own funds are first invested and then the notes are offered for sale. The loans are principally made upon farm lands. These lands are as rich as any in the world. They now have a low selling price, but will gradually increase to the top of the market. The principal and interest of these notes is guaranteed by the company and collected by it, the company holding the lien as trus-

tee. Its capital of $1,000,000 and an additional stockholders responsibility of $1,000,000 makes these securities safe. The company will take up these notes when not paid by the maker at maturity, it, however, reserves a six months' grace in which to take them up (paying the interest for that time), in order to cover any strenuous financial troubles that might arise. It is the purpose of the company to acquaint every investor in the United States with these farm mortgage bond notes, so that they may be widely sought after.

The business of the trust company is divided into departments, each in charge of a manager especially trained for his line of work.

Its pride, object and policy is to perpetuate the name and thereby build up a general trust business, which is so essential to every city and vicinity. It has a real estate department, handling real estate on a commission basis only, and also has a legal and public audit department.

A test of its growth and present standing can be gained from the knowledge that the market value of the old stock is $150 per share and the new stock for the increased capitalization was sold on that basis. It is considered one of the strongest institutions in the whole country.

Union National Bank.

The Union National Bank of Houston opened for business on March 28, 1910, with a capital of $1,000,000; surplus and undivided profits, $300,000, and deposits of nearly $9,000,000.

First National Bank Building, Houston, Texas

It was the result of the consolidation of the Union Bank and Trust Company and the Merchants National Bank of Houston, both of which institutions bore most excellent reputations for progressive, yet conservative methods and each had built up a splendid business.

It was deemed advisable by the directors of those banks to concentrate the business under one management, selecting men from

each institution for that purpose, and the present success of the Union National Bank is an indication that the organization as it now stands is in all respects satisfactory to the depositors.

J. S. Rice, the president; T. C. Dunn, active vice-president, who directs the policies of the bank and who is the executive officer; active vice-president, George Hamman; the cashier, DeWitt C. Dunn; assistant cashiers, D. W. Cooley and H. B. Finch, are responsible in a great measure for the present high standing of the institution.

J. S. Rice, the president, was born and raised in Houston. By honest and straightforward methods he has accumulated a fortune and his integrity and business sagacity have never been questioned. Five years ago he and a few others conceived and organized the Union Bank and Trust Company. It had a capital of $500,000 and was very successful. In March of this year it was converted into the Union National Bank as was also the Merchants National Bank, and the capital raised to $1,000,000. the surplus and profits to $300,000, and the deposits to $9,000,000. Mr. Rice is also president of the Bankers Trust Company of Houston and is a director of other thriving enterprises in and around Houston. He has on a number of occasions been importuned to allow his name to be placed in nomination for Governor of the State of Texas, but has always declined to enter politics.

Dewitt C. Dunn, the cashier, is only twenty-eight years old, yet he has been a banker for ten years past, at least his knowledge of the rudiments of banking began a decade ago when he was with the old T. W. House Bank. He became assistant cashier of the Union Bank & Trust Company when it was organized by Mr. Rice, was subsequently elected cashier and is still cashier of the Union National Bank.

Each director of the bank is a man who has attained individual success and each lends his best efforts towards the upbuilding and success of the Union National Bank.

The Commercial National Bank Building of Houston, Texas

The Union National Bank has purchased a piece of property fronting seventy-five feet on Main street and running back on Congress 131 feet, and is having plans drawn for a modern twelve-story bank and office building.

It is announced that this magnificent structure will have a foundation of granite and twelve stories of brick and stone, supported by a modern steel frame, and will be fireproof in every particular.

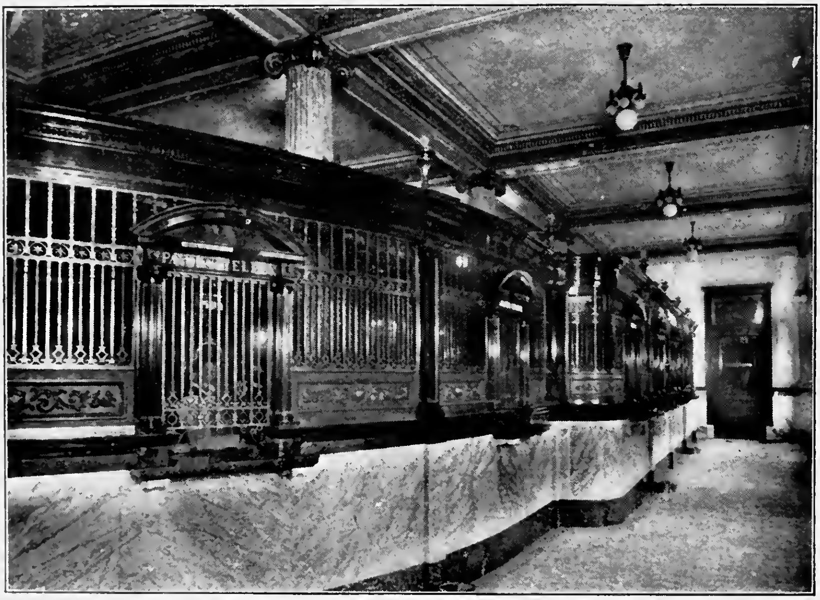
At a meeting of the directors of the bank recently held, a quarterly dividend of two and one-half per cent. was declared, placing the bank on a ten per cent. dividend paying

basis. The stock is held by about 160 shareholders.

At the recent call by the Comptroller of Currency for a statement, the Union National Bank led all other banks in the State in total deposits and the prospects for a large increase in deposits are indeed bright, as crop conditions in this State were never better at this time of the year.

Southern Trust Company.

This company was organized August 13, 1909, with a paid-in capital stock of $500,000 and $50,000 surplus, but on account of delay in completing the building which they were to occupy, they did not open for business until January 1, 1910. In the meantime their capital stock was placed on demand loans at low rate of interest. By January 1, 1910, they had gotten into their present quarters and opened for business.



Interior View Commercial National Bank of Houston, Texas

Since beginning business on January 1, 1910, the funds of this company have been principally employed in the purchase and sale of stocks, bonds and other securities allowed under the laws of this State, but at no time have they had any idle funds. They have had arrangements perfected by which they have all their funds, not needed for investments, loaned on demand notes at six per cent. interest, so that same was available at any time for investments and at the same time is drawing a fair rate of interest until needed for investments.

By reason of some unusually profitable investments made since January 1, 1910, the company reports a gross earning from January 1, 1910, to July 1, 1910, of $328,104.31, which was done at a gross expense of $3,967.44 for the same period, leaving a net earning for this period of $324,136.87, or a fraction less than sixty-five per cent. net earnings on the capital stock of the company for the past six months. The total gross earnings of the company from date of organization to July 1, 1910, has been $338,962.12, which has been done at a total expense of $5,015.27, leaving the net earnings of the company to July 1, 1910, of $333,946.85, making the book value of stock $176.78 per share on July 1, 1910.

The officers of the bank are as follows: R. E. Brooks, president; T. J. Donoghue, vice-president; Ernest Carroll, secretary and treasurer; J. M. Powers, Jr., assistant secretary.

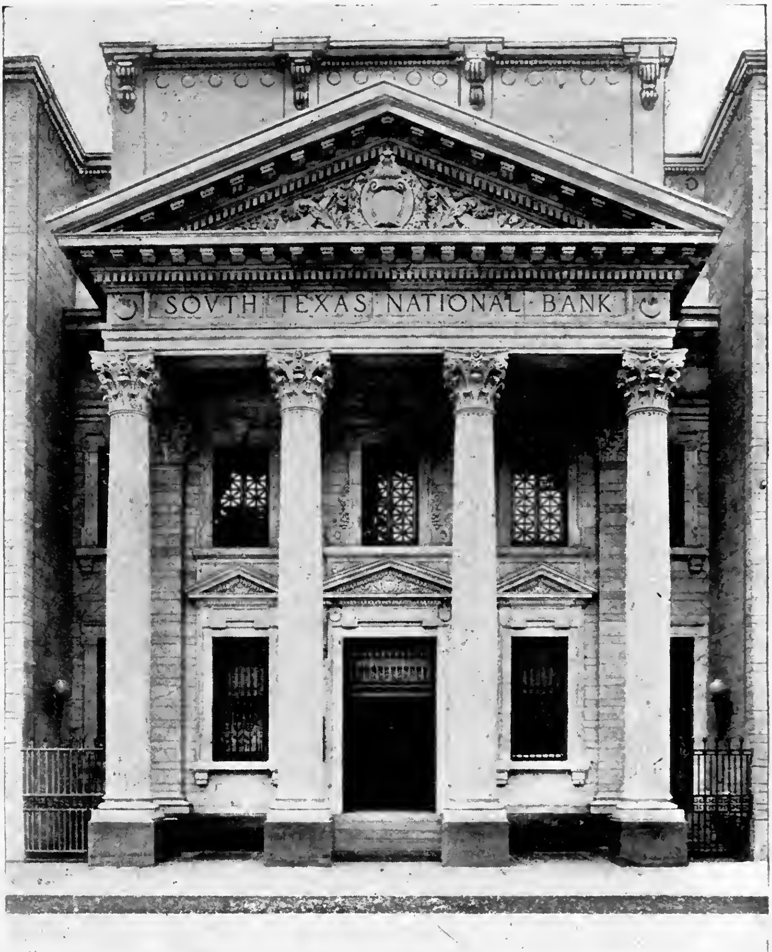
First National Bank.

The career of the First National Bank of Houston has been such as to excite admiration from the entire business world. It is a bank in the truest sense of the term, and regarded by its depositors and various other connections as a stronghold and a monument to faithful perseverance and business integrity.

The organization of this institution dates back to 1854, when the future of Houston was very much in doubt. With abiding faith, B. A. Shepherd started a private bank, and time has vindicated his good judgment.

During the more than half a century of its useful existence there have been many changes in the personnel of the bank, but fortunately for the institution, the management of its affairs has always fallen into the hands of able and capable financiers, hence its affairs have prospered. From a small beginning it has increased in usefulness to where it now enjoys a place of distinction among the larger banking institutions of the country. It has a paid-in capital stock of $1,000,000, $700,000 of which has been earned. It has paid dividends all the time, and at the same time, in addition to its large capital stock, placed to the surplus account $250,000, and has in undivided profits up to the last government reports, $20,620.16. The bank has deposits of over $8,000,000.

The officers and directors are men of means and the highest standing, both in the commercial world and the social circle. They are men whose names mean strength, and who have always been foremost in the advancement of the city's progress. That they are business men of the highest order their business success is ample evidence.



Home of the South Texas National Bank of Houston

The officers are as follows: O. L. Cochran, president; J. T. Scott, first vice-president; H. R. Eldridge, second vice-president; W. S. Cochran, cashier; W. E. Hertford, assistant cashier.

COMMERCIAL NATIONAL BANK.

The Commercial National Bank of Houston, splendidly located in its own well equipped and well kept six-story building, at

Main Lobby South Texas National Bank of Houston

the corner of Main street and Franklin avenue, is frequently regarded by those who know how to make comparisons, as one of the strongest banks in the entire Southwest. For nearly a quarter of a century it has pursued a policy at all times conservative, but never lacking in liberality, wherever that quality was needed. At no time have the officers sacrificed basic principles in yielding to the temptations of volume or for the purpose of establishing the institution upon any plan of inferiority. They have adhered strictly to the lines which in their conception they thought were necessary for permanent and healthful growth. At various times the capital has been increased as the business grew, until now they have $500,000, fully paid up, with a surplus account of an equal amount and $100,000 of undivided profits.

W. B. Chew, the president of the bank, is highly esteemed among all classes of Houstonians and recognized as one of the ablest financiers in the State. He is identified with several of the leading enterprises in this city, and his identity is synonymous with good management and successful results in every instance.

James A. Baker, of the firm of Messrs. Baker, Botts, Parker & Garwood, and Thornwell Fay, vice-president and general manager of the Southern Pacific, are vice-presidents, and while not active in the management of the bank, are prominently identified with the growth and development of Houston, occupying positions of importance and trust, each in his line, thus eminently fitting them for the relation which they sustain to the institution.

Oscar Wells, cashier of the bank, recently came from Fort Worth, where he was cashier of the Fort Worth National Bank for several years.

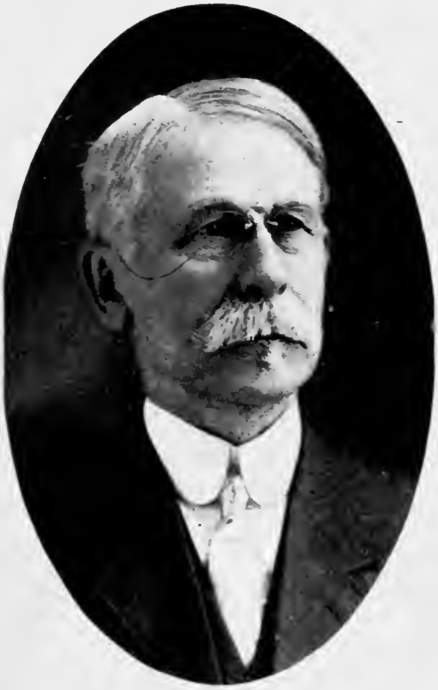
P. J. Evershade, the assistant cashier, is well and favorably known in this community, where he has grown from boyhood, and where, almost ever since the organization of the bank, he has served in various capacities from messenger to officer.

South Texas National Bank.

Among the stable institutions of the State the South Texas National Bank of Houston stands very high. Organized in 1890, the bank has prospered year by year, until, with its twenty years of successful banking experience, it is well able to care for the welfare of its customers. During its existence it has maintained a uniformly strong and conservative position through all the varying conditions of business, with ample cash resources at all times to afford dependable, satisfactory and adequate banking facilities to the public.

The bank feels proud that its deposits

have been acquired by natural growth, and not through consolidation with or the absorption of any other institutions. They feel that they offer depositors every advantage consistent with conservative methods, with the assurance of satisfactory service



CHAS. DILLINGHAM
President South Texas National Bank of Houston

and treatment and a policy that has stood the test of time.

The officers of the bank are among the best-known citizens of Houston. Charles Dillingham, the president, is a man whose business ability and integrity is unquestioned, and who has the confidence and regard of his fellow citizens.

J. E. McAshan, the active vice-president, has been in banking circles in Houston since his earliest recollection, and his able efforts have been partly instrumental in placing the institution upon its present basis.

H. Brashear and O. T. Holt, the other vice-presidents, are both well-known citizens of Houston, Mr. Holt having served some years since as mayor of the city.

B. D. Harris, the cashier, while a comparatively recent comer to Houston, has won the highest respect of Houston citizens, and is regarded as one of the coming bankers of the community.

C. A. McKinney and C. F. Schultz, the assistant cashiers, are also well known in Houston banking circles, having seen many years of service with this institution.

Since the bank was organized on May 10 1890, it has paid consecutive, semi-annual dividends, and has returned more than double the amount of its capital to its stockholders in the intervening time.

With its list of conservative officers, its representative board of directors and large facilities at home and abroad, gained by its many years of experience, the South Texas National Bank feels that it is in a position to offer advantages to those needing a strong and dependable banking connection.

TEXAS TRUST COMPANY.

The Texas Trust Company, a comparatively new institution, has made an almost phenomenal success. It closed its first year's business on July 12, 1910, and showed on that date, including earned interest up to that time, a net profit for the year of $160,

J. E. McASHAN
(Active) Vice-President South Texas National Bank of Houston

000. The company has declared a dividend of ten per cent. to the stockholders and has passed $15,000 of the profits to a surplus fund, making same $140,000. The balance of the earnings for the year has been passed up to the undivided profits account.

The officers of the bank are all well

known citizens. Jesse H. Jones, who heads the list as president, is one of Houston's most philanthropic citizens, having many monuments here in the way of public buildings. His influence in placing the Texas

B. D. HARRIS
Cashier South Texas National Bank of Houston

Trust Company upon a dependable and paying basis has been invaluable.

James A. Baker, J. S. Rice, S. F. Carter, J. M. Rockwell and N. E. Meador, the vice-presidents of the concern, are all connected with various lines of Houston enterprise, and their work for this institution has done much to give it its successful showing during the first year of its existence.

The resources of the bank at the close of business, June 30, 1910, were as follows: Loans and discounts, $552,659.08; stocks and bonds, $138,900; real estate, $250,000; furniture and fixtures, $6,811.45; earned interest, $10,706.92; cash and due from banks, $471,684.96.

HOUSTON LAND & TRUST COMPANY.

Chartered in 1875 and reorganized in 1899, the Houston Land & Trust Company may also be numbered with the old and dependable banking institutions of Houston.

O. L. Cochran is president; R. E. Paine and P. B. Timpson, vice-presidents, and William S. Patton, secretary and treasurer.

All these gentlemen stand high in both State and local banking circles, and it is to their conservative management that the institution owes its almost phenomenal success.

The business of the company is conducted in four departments; a financial department, in which loans are made on real estate, bonds, stocks and other high-grade collateral; a safe deposit department, with boxes for rent; a trust department, which acts as administrator, guardian, executor and receiver, also trustee in all forms of mortgages, and a real estate department, which buys and sells property on commission, collects rents, pays taxes, places insurance and manages property for owners.

The institution is housed in its own structure—a handsome, five-story building, on a prominent corner in the banking section, the upper four stories being devoted to office room for various firms.

LUMBERMANS NATIONAL BANK.

Among the financial institutions of Houston the Lumbermans National Bank stands prominent, expressing commercial progressiveness and maintaining a standard

S. F. CARTER
President Lumberman's National Bank, Houston, Texas

both conservative and stable that commands the respect of its patrons, as well as the banking world in general.

The Lumbermans National Bank has a capital and surplus of $500,000, which has recently been increased to over $600,000 by

the absorption of two other institutions, the American National Bank and the Central Bank & Trust Company, and which, coupled with the integrity and sound business judgment by those who manage and direct its affairs, makes the bank a tower of financial strength.

The history of the bank has been one of steady progress along the lines of wise, conservative and mature judgment and in point of resources, reliability and facilities afforded patrons the bank stands in the front rank. A general banking business is transacted and accounts of banks, bankers, corporations, firms and individuals solicited and at all times the most careful and painstaking effort is exerted by the officials of the bank to conserve the interests of patrons and depositors.

Quarters occupied by the Lumbermans National Bank at the corner of Main street and Prairie avenue are among the finest in the entire South, having been planned and arranged especially for this bank. The customers of this bank are from all parts of Texas and adjoining states. This bank has a savings department in connection and it is open every Saturday night for the convenience of the working people.

The officers of the Lumbermans National Bank of Houston are men of wide experience in the banking business and are well known throughout the state. They are as follows: S. F. Carter, president; H. M. Garwood, vice-president; Jesse H. Jones, vice-president; J. P. Carter, vice-president; Guy M. Bryan, active vice-president; A. S. Vandervoort, cashier; Hulon Sterling, assistant cashier; M. S. Murray, assistant cashier, while the directorate is composed of men whose standing and reputation are not confined to Houston alone, but who

Houston Land and Trust Company Building, Houston, Texas

are most favorably known throughout the Southwest.

HOUSTON NATIONAL EXCHANGE BANK.

Among the Houston banks perhaps none is better known than the Houston National Exchange Bank, formerly known as the Houston National Bank. This institution was organized March 29, 1889, continuing under the name of the Houston National until March 29, 1909, or a period of twenty years, at which time the business was taken over by the Houston National Exchange Bank, which was organized and opened for business on the latter date. Always one of the staid banking institutions of Houston, the bank has become under the new regime of even greater importance to the community.

The officers and directors of the Houston National Exchange Bank are all prominent citizens of Texas, the majority residing in Houston. Henry S. Fox, the president, has long been known as a gentleman of solid worth and great business sagacity. The same may be said of Joseph F. Meyer, vice-president.

Henry S. Fox, Jr., active vice-president; Joseph W. Hertford, cashier, and F. F. Dearing, assistant cashier, are all known as men of fine business principles, whose acts are always a credit to the banking fraternity.

The Chronicle Building, Home of the Texas Trust Co., Houston, Texas

The resources of the bank are as follows: Loans, discounts and overdrafts, $2,026,003.15; U. S. bonds and premiums, $50,207.19; furniture and fixtures, $3,000; redemption fund, $2,500; cash and exchange, $1,003,431.27; making a total of $3,085,141.61.

The liabilities are as follows: Capital, $200,000; surplus, earned, $65,000; undivided profits, net, $6.312.33; circulation, $50,000; individual deposits, $2,256,224.28; bank de-

posits, $507,605; making a total of $3,085,-141.61.

GUARANTY STATE BANK.

The Guaranty State Bank, since opening for business at a point just beyond the city limits of Houston, where it is in a direct line for the business of Houston Heights, Brunner and other suburbs, is able to show a handsome profit on its first six months' business, during which time there was an increase of $40,888.40. This is a splendid showing when it is considered that the growth has taken place during the dull seasons. The community spirit is said to have been much in evidence since this institution has opened for business and its officers attribute a large portion of the growth to this condition.

The officers are: A. C. Bell, president; W. M. Fonville, vice-president; R. F. Butts, cashier and D. F. Wade, assistant cashier.

The resources are as follows: Loans, $63,-469.47; furniture and fixtures, $2,068.95; int. and dep. guar. fund, $600; expense account, $1,762.18; cash on hand and in banks, $23,933.10.

The liabilities are as follows: Capital stock, $20,000; interest & discount, $2,781.-60; deposits, $69,052.10.

HARRIS COUNTY BANK AND TRUST COMPANY.

Of the smaller banking institutions of Houston none stands higher than the Harris County Bank and Trust Company, which was organized some time ago for the accommodation and convenience of the residents of the Fifth Ward, one of the largest and most populous sections of the city. This institution has made a success from the start, due partly to the able efforts of the officers and directors and their sagacity in being able to foretell that the Fifth Ward needed an institution of this nature.

The officers are all well known citizens of Houston; F. W. Vaughan being president; M. C. Lyons, W. T. Carter, Jr., A. C. Abell and B. J. Harper, vice-presidents; Chas. F. McGinty, cashier, and J. S. Chase, assistant cashier.

The cash reserve of the bank is thirty-four per cent. The resources are; Loans and discounts, $93,725.88; bonds, $50,000; banking house and fixtures, $14,933.70; home banks, $500; guaranty fund, $402.70; cash in vault and banks, $48,308.73; total, $207,871.01.

The liabilities are: Capital stock, $50,000; undivided profits, $4,500; reserved for taxes, $360; deposits, $153,011.01; total, $207,871.01.

STARTING POSTAL BANKS

PLACES DESIGNATED IN EACH STATE TO RECEIVE DEPOSITS

REVIEWING the work so far done toward establishing the postal savings banks system provided for by the law passed at the last session of Congress the National City Bank of New York in its November circular points out that so far the only feature definitely decided upon is the location of the offices which are to be designated at the outset for the receipt of postal deposits. The places designated, one in each State and Territory, are:

Bessemer, Ala.; Globe, Ariz.; Stuttgart, Ark.; Oroville, Cal.; Leadville, Col.; Ansonia, Conn.; Dover, Del.; Key West, Fla.; Brunswick, Ga.; Coeur d'Alene, Idaho; Pekin, Ill.; Princeton, Ind.; Decorah, Iowa; Pittsburgh, Kan.; Middlesboro, Ky.; New Iberia, La.; Rumford, Me.; Frostburg, Md.; Norwood, Mass.; Houghton, Mich.; Bemidji, Minn.; Gulfport, Miss.; Carthage, Mo.; Anaconda, Mon.; Nebraska City, Neb.; Carson City, Nev.; Berlin, N. H.; Rutherford, N. J.; Raton, N. M.; Cohoes, N. Y.; Salisbury, N. C.; Wahpeton, N. D.; Ashtabula, Ohio; Guymon, Okla.; Klamath Falls, Ore.; Dubois, Penn.; Bristol, R. I.; Newberry, S. C.; Deadwood, S. D.; Johnson City, Tenn.; Port Arthur, Texas; Provo, Utah; Montpelier, Vt.; Clifton Forge, Va.; Olympia, Wash.; Grafton, West Va.; Manitowoc, Wis.; Laramie, Wyo.

The form of the certificates to be issued to postal depositors, the securities which will be accepted from banks holding postal deposit funds and some other important details of the application of the law remained to be definitely determined. It is hoped, the bank's circular points out, to put the postal savings plan in effect about Jan. 1 at the points already designated and then within about six months to extend the system all over the country.

NATION'S POT OF GOLD

NEED FOR GOVERNMENT RAILROADS TO HARVEST ALASKA'S RICHES

ALASKA has a varied treasure waiting to be uncovered and borne out to the enrichment of its owners—the people, according to Frederick H. Chase, in *Collier's Weekly*. And the great, pressing need is railroad transportation. It is imperative, if the territory's resources are to be conserved to the use of all alike, that the government shall build the roads.

If built with private capital, furnished by the large interests which are contending for the control of Alaska, they will not only tap and control the known coal areas, but at their northern terminals they will be waiting like a "hound in leash," to grab the coal that will be found in these unexplored regions.

The Alaska Northern Railroad is headed toward the Matanuska coal fields. Its builders say they will push on to the Tanana Valley, but their objective point is undoubtedly the coal fields. Further, it is the programme for friends in Congress to "father" some sort of a bill that will award them the prize they are after, and another railroad will have bitten off another substantial chunk of our coal reserves. Worse; it will be in a strategic position to bite again as new coal areas are discovered in the unexplored country to the north.

This is not a nightmare; see what has happened in the Pennsylvania coal fields. There practically are no private coal operators, for the railroads have refused to haul their coal and have gathered them in. True, there are laws that are supposed to prevent the ownership of coal lands by the carriers, but the railroads easily evade them. In counties such as Plymouth, Luzerne and Lackawanna, the railroad coal owners are supreme farms and city lots are sold on the understanding that title passes to the surface only. No uncertainty exists as to the intention of the private railroad builders in Alaska. And the building of government lines is the only escape from monopoly.

Rich is the Alaskan coal prize. According to the United States Geological Survey, 8,000,000 acres of coal lands have been discovered in Alaska, and further explorations will undoubtedly show much larger areas. Alfred H. Brooks, chief of the division of Alaska mineral resources, says that "150,000 square miles of Alaskan territory, an area as great as that of New England, New York, Pennsylvaniaand Ohio combined, is yet practically an unknown land, a terra incognita, as far as its useful and precious minerals are concerned." Coal is known to exist in this little explored region, and it is not impossible that it will add billions of tons to Alaska's coal reserves.

Before former President Roosevelt withdrew Alaska coal lands from public entry the plans of the big fellows for corralling all the coal lands were working very smoothly.

The law then allowed each individual to locate a tract of 160 acres. Dummy locaters, consisting largely of idle, shiftless fellows with no interest whatever in coal lands, were sent out to locate 160 acres each, and then for a small consideration turn it over to their employers. In other cases a man would start out with a pocketful of powers of attorney and blanket thousands of acres. It was an attempt to validate titles to a lot of such locations that precipitated the Ballinger-Pinchot controversy.

Alaska has produced about 140 millions of gold with but little assistance from outside capital. How has this been done? Largely by using the natural facilities at hand. The gold was there and so was the water and timber. Boilers to thaw the ground were brought in by steamer and sledded to the mines. Most of the gold production has come from the gravels, and once the ground is thawed, only picks, shovels, brawny backs and tireless arms are needed.

Alaska's needs are definite. Our government should build railroads to the known coal areas in Alaska, lease the coal to bona fide operators at a fair royalty, and then reserve all future discoveries of coal, to be leased only as our coal necessities demand. Private ownership of railroads and railroad ownership of lands in Alaska will create a monopoly that will make Standard Oil look like a weakling, and if the Guggenheim family dominates the smelter situation, its fortune will some day outshine that of King Solomon.

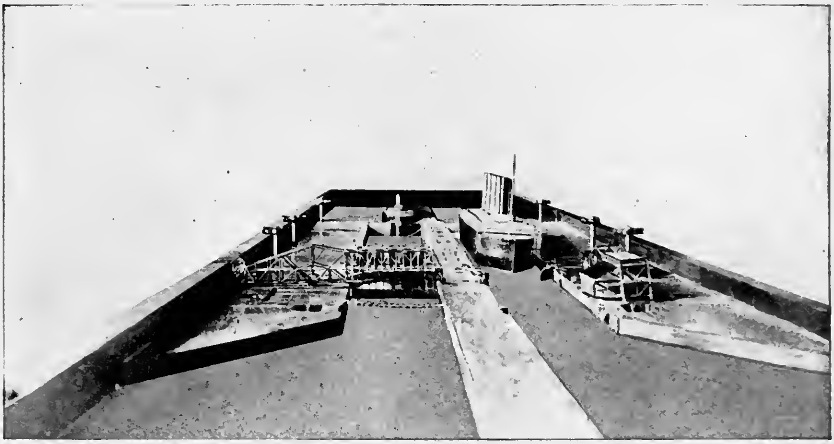
It is astonishing that this great mine of wealth, bought for a song from Russia for the use of the entire people of the United States, and which constitutes a reserve storehouse as significant as the store of grain wisely conserved by Joseph to guard against the seven lean Egyptian years, is almost an unknown quantity to the average citizen, who is, with every other citizen, an equal stockholder in this vast property. It is deplorable that the people who own this pot of gold at the end of the American rainbow do not realize just what it is that, if the interests have their way, will be taken from them without remuneration.

LATIN AMERICA

FROM THE RIO GRANDE TO PANAMA*

By Fullerton L. Waldo, Associate Editor Philadelphia Public Ledger

BETWEEN June 30 and August 5 of the current year, in company with Arthur Purdy Stout, Esq., of New York, it was my good fortune to make a 7,300-mile journey—from Philadelphia to Mexico City, via St. Louis; from Mexico City to Salina Cruz; thence along the Pacific coast to Panama, touching at several ports and in two instances journeying inland; returning from Colon to New York by way of the Panama Railroad steamships. Director General Barrett has done me the honor to ask for my impressions of the regions traversed; and from the standpoint of an enthusiastic advocate of the objects for which the Pan American Union was established, it is a pleasure to accede to his request. I may say that everywhere I went I found the value of the work the Union has done, and the value of the work that it will do, eagerly recognized, and there was in evidence on the part of our Latin-American neighbors to the Southward an entire willingness to coöperate in all measures that will make for a better mutual understanding between the United States and each and every one of her sister republics. I was only too glad to contribute my unofficial mite wherever and whenever I could toward the furtherance of what should be made not merely the purpose of the Union, but the mission of every good American whom a pleasure journey or a business venture brings into contact with peoples to whose manifest points of excellence we of the brisk and stirring northern races have sometimes done scant justice.



Model of the Canal Locks at Panama

Ships will pass through these locks and through the narrower portions of the canal with the aid of electric motors, but through a large portion of the upper level of the canal they will be propelled by their own power.

Anyone who travels for the first time among those whom my friend Arthur Ruhl has called "the other Americans" must be struck by the grave and ceremonious courtesy which is the universal habit among the men and women of all classes. The poorest peon returns your greeting with a polite salutation that puts to shame our careless and abbreviated formulas of welcome and leave-taking. Americans who had charge of construction gangs in railway work in Mexico informed me that foremen set in authority over track laborers soon found that the way to get the best results was not to browbeat and "bully rag" the men, adding the

*This article first appeared in the Bulletin of the Pan American Union and is reprinted by special permission.

On the Pan American Railway in Mexico

This new railway, which will form one of the links in the greater railway of the same name to extend from New York to Buenos Aires, traverses the wonderfully rich State of Chiapas, and will open up for settlement large tracts of land suitable for the raising of sugar cane, cotton, corn, wheat, rice, coffee, and henequen. Rubber of splendid quality is gathered, and on the plains and mountain sides cattle and sheep can be raised with none of the difficulties that exist in colder climates.

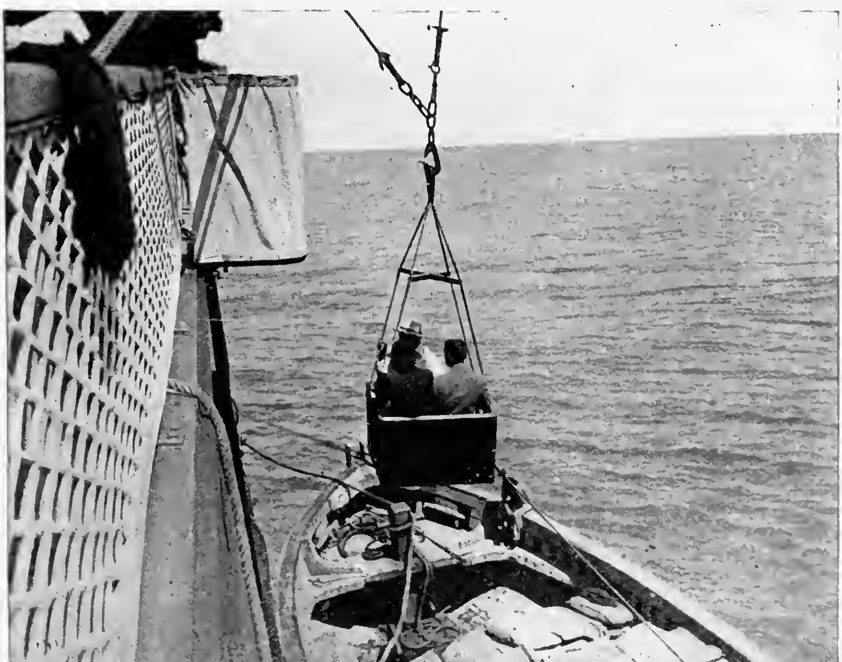
toe of the boot at the heel of an imprecation. If you let them do the work in their own way, there were, they said, no better railway workmen in the world. They labored at a more deliberate pace, it is true, but they labored faithfully and steadily, and with a just allowance for different climatic conditions it could not fairly be said that their performance was inferior to the proverbial diligence of a gang of Italians in the United States under the watchful eye of an Irish foreman.

We had a striking illustration of the rustic Mexican's appreciation of the amenities during our climb of Popocatapetl. We had two guides, a cook, and a mozo, or general utility man. At luncheon time on the first day our cook put all the delicate fare, including such comestibles as sardines, cookies, and sweet chocolate, on the side of the brook where the two senores happened to be sitting, and retired to the farther bank with the other three men to a humble diet of tortillas, or pancakes of Indian corn. We did not choose to "stand for" this dietary demarcation on an expedition where everything depended on a cordial spirit of coöperation between master and man. We therefore crossed the brook with their full share of the good things, and felt well rewarded by their effusive and radiant appreciation. All the way to the painful sum-

mit and back they did their best for us. Perhaps it would be well if we Americans crossed the red torrent of the Rio Grande that separates Texas from Mexico in the same spirit—the spirit of cordial willingness to go a little more than half way to give as well as to take. I believe that is the spirit of the Pan American Union if I accurately comprehend its purpose.

Mexico's Ideal Climate.

There are erroneous impressions abroad in the United States concerning the climate of Mexico and the countries to the southward. As soon as I announced my intention of traversing the country in midsummer everybody said at once, "But won't it be dreadfully hot?" There was not a mile of the 7,300 that could truthfully be described as "dreadfully hot." The nearest approach to thermic discomfort was at Nuevo Laredo, just after crossing the border, where for an hour or so at noon it was 110 degrees Fahrenheit in the buffet parlor car. Candor compels me to state that I was not nearly so uncomfortable as I have been in Philadelphia with the thermometer at eighty-nine degrees. If it was hot at Nuevo Laredo it was also bone dry, and under such con-



Passengers Going Aboard the Steamer at Acajutla, Salvador

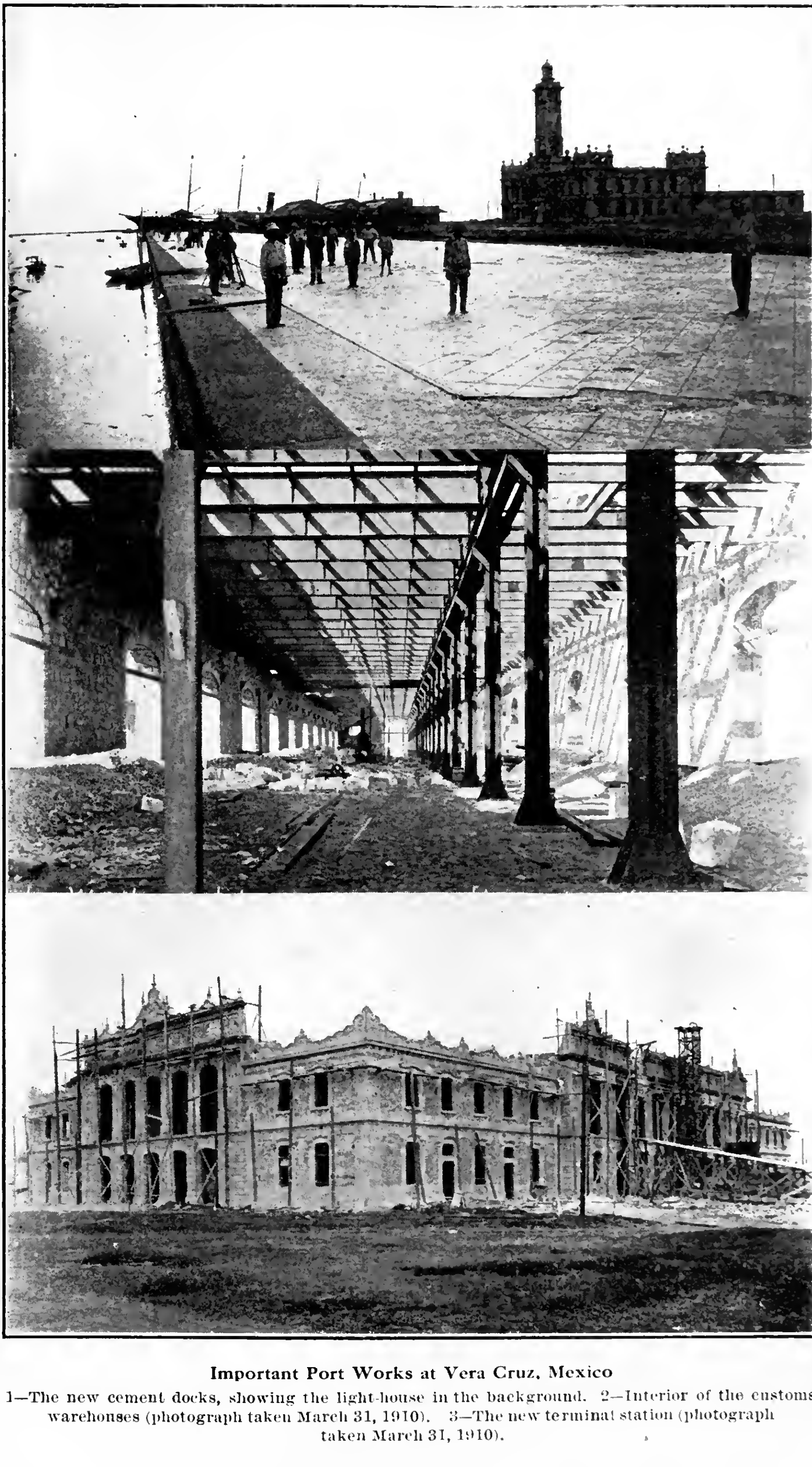
ditions one is ready to aver that the thermometer falsifies unblushingly. In July and August, too, the rains placate the desert dust of the long approach to the table-land of Mexico. Here is a region that is one day destined to blossom as the rose and reward the cultivator with all its prolific might in return for some form of artesian irrigation.

When you come to Monterey, in a magnificent amphitheater of mountains, you are glad to hear that the first steel mills in the Republic, located there, are turning out steel rails for the suppliance of the constant expansion of Mexico's extant 15,000 miles of railway. The National Railway of Mexico, lifting you through 7,000 feet of elevation in the 800 miles from Nuevo Laredo to Mexico City, is built (after tne hill-climbing contest seriously begins) of 85-pound rails ballasted as firmly as they would be if laid on a roadbed of the Pennsylvania or the New York Central.

In the city of Mexico an American ought to feel at home. He is sure of a cordial welcome from compatriots when he disembarks from the Pullman that has brought him with every creature comfort in three days from St. Louis. He will find a country club with an excellent golf course (having an interesting water hazard), cement tennis courts, and cool and delightful living quarters either for "bachelor men in barracks" or for married folks. It is an exploded fallacy that the much-abused "altitude" inhibits vigorous athletic exercise. You will find pitted against each other on the courts, perhaps, the college-bred superintendent of a big smelting concern and a member of a diplomatic corps, or a corporation lawyer, or a managing director of a great railway system. You are impressed by the straightforward earnestness of these American young men, with "their souls in the work of their hands." There was a day when the carpet baggers tried to carry by assault most of the important industrial opportunities in Mexico. Just as at Panama, men of the restless, unreliable, fly-by-night stamp have been succeeded by the men of sober minds and steady habits. They have their wives and families with them in Mexico instead of at some indeterminate northern address.

American Investors Protected.

President Diaz from the first, has encouraged the industrious and self-respecting American to engage in business in the country which is his own imperishable monument. The American has fair play here, free from suspicious espionage and onerous administrative exaction. It was said of Alexander Hamilton that he touched the corpse of the national credit and it stood upon its feet; M. Limantour, Diaz's great Minister of Finance, has done for the monetary



Important Port Works at Vera Cruz, Mexico

1—The new cement docks, showing the light-house in the background. 2—Interior of the customs warehouses (photograph taken March 31, 1910). 3—The new terminal station (photograph taken March 31, 1910).

system of Mexico what Alexander Hamilton did for the United States. The American who invests his money in Mexican enterprises can feel that it is safeguarded against eccentric fluctuations in the money market. American paper money, by the way, is as good as gold not only in Mexico but throughout Central America, and it is quite unnecessary for the traveler to burden himself with the more cumbersome metal unless he chooses.

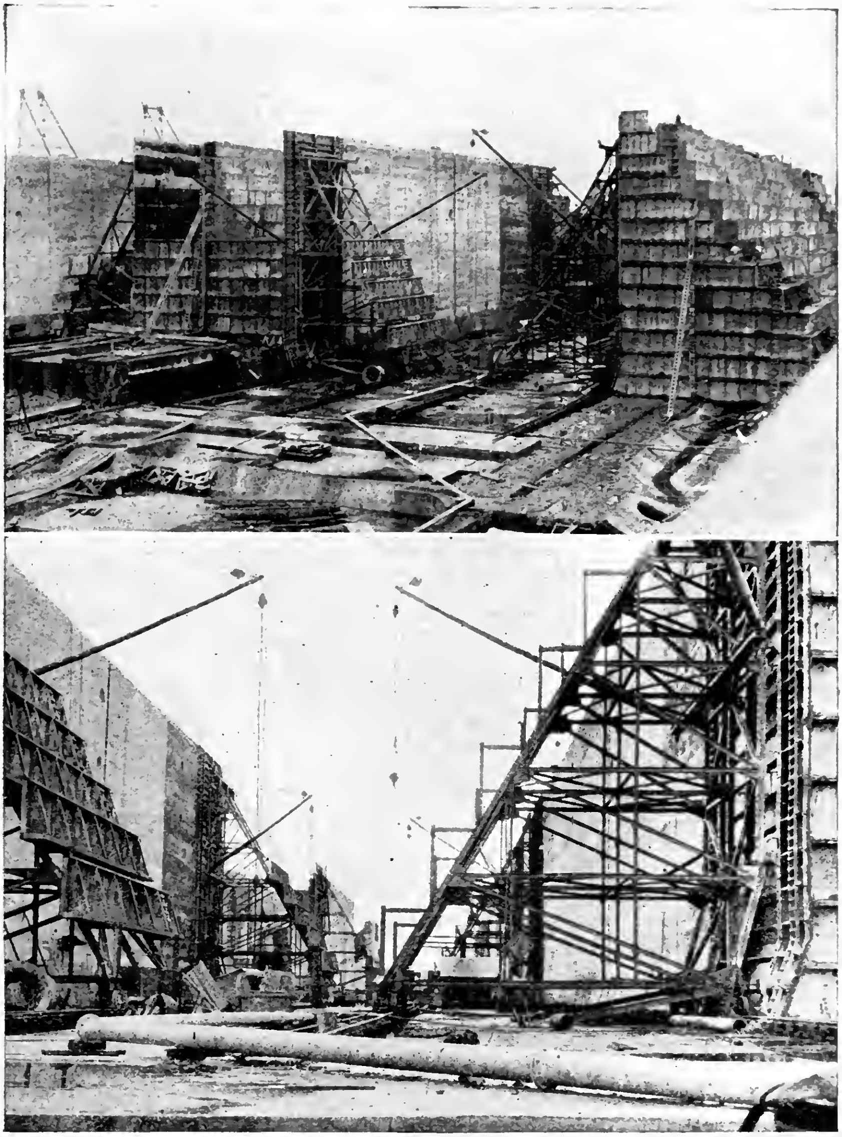
The rubber business, with the booming prices, seems to offer an increasingly attractive prospect to American capital. Mexico sent 19,614,810 pounds into the United States in 1909, as compared with 11,657,245 in 1908. The man who intends to put his money into rubber, however, needs to be reminded that he must not expect his profits to accrue with electric speed, and he must be prepared to make an initial outlay upon a liberal scale. Americans are more or less deeply interested in mining enterprises, which are carried on in twenty-four of the thirty-one states. The output of precious metals in 1907-8 was worth 124,955,170 pesos.

The State of Chiapas, through which the new Pan American Railway runs to the border of Guatemala, is particularly rich in natural resources. The business of the railway in 1909 showed an increase of 66.2 per cent. over the traffic for 1908, while the imports from the United States and Europe into Chiapas increased seventy-five per cent. Adjacent to the railway are tracts of valuable hard timber, including mahogany and Spanish cedar, amongst which at present only a single sawmill is at work. Cattle sent from this district to market in Mexico City bring satisfactory prices. The railway took 8,500,000 pounds of coffee out of Chiapas during the 1909-10 season, and for next year an increase of forty-five per cent. in the crop and fifteen per cent. in the acreage under cultivation is expected. Sugar land can be purchased at from $2 to $3 per acre. As for rubber, some 7,000,000 trees have been newly planted. On account of the youth of the trees the yield, of course, is small at present, but it is expected to be about 150,000 pounds during the current year. Oranges, limes and pineapples take kindly to the soil in this district, and it is possible to raise two crops of corn annually on the same land. A sixty per cent. increase in corn acreage is expected for 1910. Finally, labor in Chiapas is plentiful and cheap; the unskilled workman gets from thirty-eight to sixty-three cents a day, and the skilled laborer receives $1 to $1.50.

Anyone thinking of engaging in agricultural enterprise in Mexico would do well to consider the hitherto slightly exploited State of Chiapas; but let me add that it is much the best plan for him to go there and "spy out the land" with his own eyes, rather than to accept the distant say-so of another, or place his credence in the specious scheme of some speculative company. Those who have invested their money in wild-cat projects and lost most or all of it must not unfairly lay the blame on Mexico; the fault is likely to be at the ground-glass door of some bland and plausible, but unscrupulous, American promoter.

Mexico's Freight and Shipping Facilities.

The Tehuantepec National Railway, crossing the Isthmus of Tehuantepec from Puerto Mexico (formerly Coatzacoalcos) on the Gulf to Salina Cruz on the Pacific, through the Mexican States of Vera Cruz and Oaxaca, connects with the Pan American Railway at Gamboa (San Geronimo). The



The Locks in the Great Gatun Dam at Panama

Ships going through the canal will ascend to the 85-foot level through a series of three locks. These are double, and have a width of 100 feet and a usable length of 1,000 feet. They are constructed of steel and cement, and will be completed before the time set for the opening of the canal on January, 1, 1915.

Tehuantepec Railway is 188 miles in length; it is ballasted with crushed rock and gravel, and has ties of native hardwood, California redwood, and creosoted pine to support the eighty-pound steel rails. The locomotives are oil burners, and the track is sprinkled with oil. The present traffic is extremely heavy. For one thing, all the Hawaiian sugar that goes to Philadelphia—some 250,000 tons per annum—travels by this route. The distance from New York to Hongkong is 1,350 miles less via Tehuantepec than via Panama; from New Orleans to Yokohama, Honolulu and San Francisco it is 1,970, 1,960 and 1,860 miles less.

Puerto Mexico has a mile of wharf frontage, with seven steel wharves, whose adjacent warehouses hold 10,000 tons of freight

apiece; at Salina Cruz two converging breakwaters of blue limestone, each about half a mile in length, inclose a harbor area of some twenty acres, with an inner harbor, whose ninety-foot entrance is spanned by two swing bridges. The opening into the outer basin is about 600 feet wide, but it looks much narrower. It is necessary to keep a dredge incessantly at work in the outer harbor against the insidious encroachment of the sand, encouraged by the shoreward current. Freight steamships lie securely at the wharves in the inner basin beside the enormous warehouses and are speedily unloaded by the huge electric cranes.

The Tehuantepec Railway is at present a single-track route, but it is proposed in time to quadruple the track; and the new Canadian-Mexican steamship line between Vancouver and Salina Cruz will be one of several important connections that may make the railway a formidable competitor of the Panama Canal.

It surely is not too much to expect that within a comparatively few years the dream of James G. Blaine, of an all-rail route from New York to Buenos Aires, will be realized. Soon after the bridge is built across the Suchiate River between Mexico and Guatemala it should be possible to take a through Pullman in Mexico City for Guatemala City, for, from Ayutla, on the Guatemalan side of the boundary, the grading is finished for the track of twenty-five miles which will connect the Pan American Railway with the Guatemalan systems. In Salvador last April a line was begun to connect with the Guatemala Central; the concessionaire is to receive $7,000 per kilometer from the government.

The extant railways of Costa Rica should prove valuable "feeders" for the through route, while the Corinto-Granada line in Nicaragua may likewise prove of material assistance. In Panama the preliminary survey has been run for the line of some 300 miles from the city of Panama to the city of David, in the province of Chiriqui, near the frontier of Costa Rica. It is interesting to note that the Republic of Panama is holding out the olive branch to the proud and self-sufficient Indians of the San Blas district, whose jealous tribes have hitherto constituted one of the principal obstacles to overland communication with Colombia. The Guayaquil-Quito Railway in Ecuador and certain lines in Peru and Chile seem to relate themselves more or less directly to the general plan, and of course when Valparaiso, Chile, is reached the railway builders have attained "the haven where they would be," for it is already possible to go from Valparaiso to Buenos Aires over the wonderful new railway through the Uspillata Pass, at an expenditure of only $68.

At Salina Cruz there is the choice of several lines of steamships to Panama. It is also feasible to take the Pan American Railway to the border of Guatemala and connect

E. N. BROWN
President National Railways of Mexico and a Director of the Banco National de Mexico

at Ayutla with the Ocos Railway, which runs down to the coast, a few miles distant, in an hour. At present, however, there is but one train a week over the last forty miles of the railway, and the surer connection is at Salina Cruz. The ports of call for ocean-going steamships on the Pacific coast are (in Guatemala) Ocos, Champerico and San Jose; (in Salvador) Acajutla, La Libertad and La Union; (in Honduras) Amapala; (in Nicaragua) Corinto and San Juan del Sur. At each of these ports, while the vessel is discharging or taking her cargo, it is possible to go ashore, and at several points it is possible to run a few miles inland on the railway ere the ship weighs anchor. From San Jose, Guatemala may be very comfortably crossed by rail, with a stop in the beautiful capital city, and from Punta Arenas (except for a gap of a few miles which the railway builders are filling in) the transit of a wonderfully fertile and prosperous region may be effected with similar ease to Port Limon. At the Caribbean ports some of the best ships plying in tropical waters will take the traveler speedily to New Orleans, New York or Panama.

FERTILE CENTRAL AMERICAN REPUBLICS.

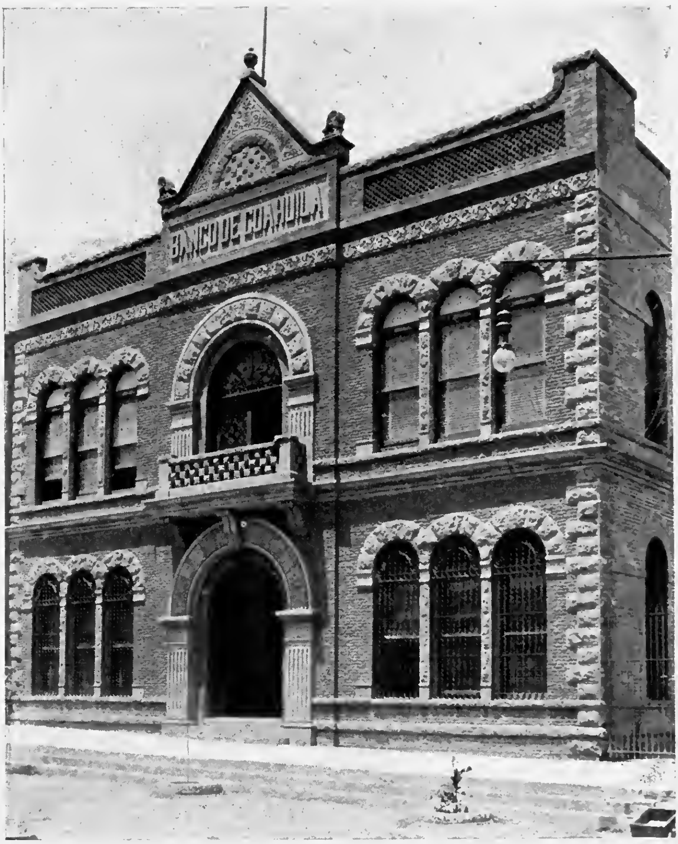
Guatemala produces some 70,000,000 pounds per annum of the finest grade of coffee, of which more than 60,000,000 pounds is exported, the bulk of it to Germany and England. A factory near Quezaltenango, employing 250 hands, consumes 2,500,000 pounds of the raw material in the manufacture of cotton fabrics. There are 480 miles of railway, the interoceanic line between San Jose and Puerto Barrios being 195 miles in length. Of all the exports of the country, Germany takes at present some sixty per cent., the United States about twenty-five per cent. and England eleven per cent. The United States leads in imports, with Germany and England in second and third place.

GENERAL PORFIRIO DIAZ

Who has been President of the United States of Mexico continuously, with the exception of one term (1880 to 1884), from 1876 to the present time

Salvador, the only Central American State with no direct outlet to the Atlantic, is the most densely populated of the American Republics, with 236 inhabitants to the square mile, or more than ten times the average for the United States. Its principal agricultural product is coffee; in 1908 the export of 37,500 tons was worth about $5,000,000. There are immensely valuable forests of hardwood timber and mineral deposits of unknown value. With the development of facilities of transportation, Honduras is destined to become one of the wealthiest countries of the world. Coffee, cotton, sugar cane, tobacco and cacao take kindly to the exuberant soil of the lowlands, and in the uplands is abundant pasturage for cattle. There are valuable forests of mahogany and large possibilities in banana plantations and in sarsaparilla. The latter is already sent in large quantities to the United States.

In the forests of Nicaragua are more than forty different sorts of trees from which the crude material for oils and drugs may be extracted. Some 10,000 tons of coffee and 1,400,000 bunches of bananas were exported in 1906. The sugar yield of 1907, including the by-products, was valued at more than $1,100,000. Costa Rica, prosperous and well-content, bravely living down and forgetting occasional seismic disturbances, is blessed—like the highland regions of the other countries—with a delicious climate. Coffee is in its element here, for it can find a level exactly to its liking; the best is grown between 4,000 and 5,000 feet, and Mocha and Java probably produce no better. As the Statesman's Year Book (a volume not given to rhapsody) says, "Almost anything can be grown in Costa Rica." In 1908 the bananas exported were valued at over $5,000,000, and the coffee crop was worth $2,200,000. Rubber is doing well, stock-raising has proved profitable, and in the wide variety of exports



Banco de Coahuila Branch at Torreon, Coah., Mexico

FRANCISCO DE P. ZAMBRANO
Manager Torreon Branch Banco de Coahuila, Torreon, Coahuila, Mexico

are included mother-of-pearl and tortoise shell.

PROGRESS MADE ON THE BIG DITCH.

I had visited Panama before, in the Christmas season of 1906, and it was most gratifying, three years and six months later, to witness the changes that the brief period had wrought. Between the military administration and the civilian employes exists the best of feeling. As one man expresed it, "When the army officers came down here we looked forward to the change with no little apprehension. We didn't suppose we should be able to get along with them and their way of doing business. But they've proved themselves the best of good fellows—not a bit domineering or dictatorial; and no man could ask to work for a more fair-minded and reasonable lot of official superiors."

Standing on the wooden suspension bridge lately thrown across the Culebra Cut at Empire, and looking in either direction, it is almost unthinkable that human labor and no natural convulsion achieved so gigantic a fissure in the earth's crust, by means of those bull-horned steam shovels exiscerating three and five cubic yards at a time. The slides that have recently taken place (there was one the night before our arrival) seem as trivial amid those vast geodetic—almost cosmic—dimensions as a few bunches of grapes would be in a California vineyard. Of course they demand the serious attention they receive, and where the older houses are too near the crumbling brink they will have to be moved back, but the scare heads of alarm in northern newspapers are without their justification on the firing-line.

At Gatun, where in January, 1907, I had seen a single seventy-ton shovel at work, beginning the excavation for the locks, it now looked as though the pyramid builders were on earth again. Gone was the little palm-thatched village of three years ago, and in its place was an expanding lake, with the mud-brown water of the Chagres pouring indignantly through the spillway in the middle of the dam site. Terraced concrete monoliths a hundred feet in height and a thousand feet in length arose, and one could peer into the black openings of huge culverts designed to admit the water to the lock chambers. It was easy to believe Colonel Sibert's quietly confident prophecies as to the time of completion of the great dam; and it was not difficult to forecast the passing through the canal early in 1915 of some such vessel as the 860-foot *Olympic* of the White Star Line, now building. To cross the Isthmus in the present year of grace and see the happy, healthy, industrious American

community and the great work that is growing day by day beneath the thousands of busy hands, is to receive a new accession of confidence in America and of pride and thankfulness that one is an American.

GROWING BUSINESS RELATIONS BETWEEN MEXICO AND THE UNITED STATES

As is well known, Mexico's business relations with the United States are already more extensive than those with any other country. An evidence of

PHOTO BY OLIVER LIPPINCOTT, N. Y.

MALCOLM C. LITTLE
Vice-President Mexican Title Mortgage Co., S. A., of Mexico City

of the broadening of these relations is afforded by the tendency of financial institutions, both in Mexico and the United States, to provide facilities for the growth of commerce between the two countries, and to establish a more intelligent basis for the investment of American capital in Mexico.

A recent evidence of the tendency mentioned is furnished by the recent opening of a branch office of the Mexican Title-Mortgage Company, at 25 Broad street, New York City, the head office of the company being in Mexico City, where all matters needing direct attention in the Mexican Republic are referred by the local branch.

The New York office of the Mexican Title-Mortgage Company is in charge of the vice-president of the company, Malcolm C. Little, a well-known authority on Mexican investments and author of a valuable work entitled, "Mortgages and Trust Deeds in Mexico," which contains much information essential to those making or handling Mexican investments.

This departure on the part of a Mexican financial corporation in establishing a New York office seems warranted by the constantly increasing investment of American capital in Mexico and in Spanish-America generally, all the countries of which are governed by the same system of law.

The field of the Mexican Title-Mortgage Company is similar to that of the title, trust, and corporation companies of the United States, special attention being given to the searching, abstracting and guaranteeing of land and mine titles; the proper preparation of trust deeds affecting Mexican realty; the safeguarding of trust investments; the organization of Mexican and the protocolization of foreign corporations in Mexico, etc.

The opening of this office makes information on these subjects immediately available to investors in Spanish-America and probably will be the means of avoiding complications, such as have arisen in the past, as a result of the failure, in the execution of trust deeds, to comply with the laws of the place of performance, and because of the lack of skill in the examination of titles. Those who have had experience in California, Arizona, New Mexico and Texas in connection with old Spanish land grants will be able to appreciate the skill and care that the examiner of Mexican titles must bring to his work. This company occupies a unique position in respect of American investments in the countries to the South of us and is to be congratulated on its enterprise in seeking closer contact with American investors.

WINNING SOUTH AMERICAN TRADE

American banks should be established in every important city in South America. An American merchant-marine should be subsidized, and our steamships should ply between all important North and South American ports; and American railroads should penetrate every large productive area. Americans, particularly merchants, should understand the South American—his language, character, customs, and his needs (particularly in the matter of goods), and the credit system of the country. American and South American experts, both government and private, should be employed to investigate conditions. American travel to and acquaint-

anceship with South America should be developed. Closer personal relations bring about more successful business relations. American schools should teach the Spanish language and South American history.

These conditions met, I believe that in a single decade American trade in South America would lead the world. It is stated that $700,000,000 of American capital is invested in Mexico. "It is a logical conclusion," says Mr. John Barrett, Director of the International Bureau of American Republics, "that if this sum is invested in Mexico, there is room for ten times that amount, or seven billion (7,000,000,000) dollars, to be placed in South America.—*Charles Wellington Furlong, in The World's Work for November.*

IMMIGRATION TO SOUTH AMERICA

BRAZIL in one year received about 100,000 immigrants, Uruguay absorbed 40,000 to 60,000, Chile has immense numbers of Germans filling up the southern section of the country, and many towns south of the beautiful longitudinal valley are as completely German as similar towns in Wisconsin, says Albert Hale in the *American Review of Reviews.* In Brazil there are 1,000,000 Italian settlers in the State of Minas Geraes, where much of the coffee is grown, but in addition this State has abundant unoccupied land, which is distributed to the newcomer for home building.

Sao Paulo, the richest State in Brazil, has many more Italians and Germans, but the State of Rio Grande do Sul, together with the less thickly populated States of Parana and Santa Catarina, are sometimes called Little Germany, so thickly strewn are the villages of the 500,000 German colonists.

In Uruguay much of the farm labor is done by Italians, who take to agriculture, leaving the cattle industry to the tougher native gaucho. Argentina has often received over 200,000 immigrants a year. These come from Spain, Italy, Portugal, Germany, Austria, or even Syria, in ever-increasing numbers. Some of them go back to their own land after a year's work in the harvest fields, but very many of them remain permanently to occupy and develop with European thrift the outlying acres toward which the newer railroads are stretching.

All over their great southwest are hundreds of colonies founded by the self-interest or philanthropy of European men of affairs or theorists. Baron Hirsch has successfully established in community existence several colonies of his otherwise helpless protege. Of the even million of inhabitants, which is about the total Argentina may report in a census at the end of her hundred years of independence, more than one-half are of South European origin; many of these have arrived within the last two generations, but all have found homes in a new land, and are proud to enroll themselves as citizens of an American republic.

They form good citizens, too. They may bring with them on occasions useless ideas of economy or wild notions of socialistic emancipation, but they are settlers, home builders, anchoring themselves as securely in South America as their confreres from the same shores or others from more northern countries of Europe become rooted in the United States.

These millions of energetic and productive immigrants in the various republics created by the struggle for liberty one hundred years ago are acknowledged, even by the older inhabitants of the Spanish and Portuguese conquest, to be the life of the industrial development that has characterized South America during recent years.

BANKING PUBLICITY

Conducted by T. D. MacGregor

GOING ONE BETTER THAN FOUR PER CENT. INTEREST

By G. P. Blackiston, Advertising Manager of The People's Savings Bank, Pittsburgh, Pa.

IT is an exploded theory that the average savings bank patron regards the little matter of four per cent. interest as more than a trifle over four dollars a year on each hundred deposited, with interest compounded semi-annually. True, this four per cent. compliment is decidedly welcome and a competitory requisite without which most savings institutions cannot hope to secure their share of the business, but as for serving as an initial inducement for causing the prospective patron to save, it would seem to have failed in its purpose. This is because the saver knows—as does the banker—that the simple item of interest itself has never been responsible for the financial prosperity of any individual, and that resolution and perseverance are the factors to be thus credited. But contrary to these facts, thousands of banks are advertising with stilted savings talks of stereotyped newspaper "cards," incorporating as chief arguments the four per cent. factor, and a host of generalities which are supposed to appeal to all, but really fail to make an impression on any. The inducements which really appeal to the prospective depositor seem to have been omitted. Seemingly, the banker has overlooked the fact that the individual will continue to spend his money until he knows just what can be accomplished by saving it. And the inducement must be more than four per cent. earning power to provide sufficient argument to cause the prospect to save.

The general picture of money lying dormant in a savings bank fails to appeal to any one forcibly, while if an idea were given of the many uses to which a few hundred dollars could be put, and how an account, if built up perseveringly, will, for sound, practical reasons, eventually contribute to financial independence, the matter would probably be regarded in a slightly different light by the man who is spending his earnings. The matter of telling a young man to save now that he may be protected against possible emergency, fails to reach his persumed far-sighted nature, especially if he be a typical young American. But to show him what he can do with a small financial start, and just how to secure that start, is a different matter. And the younger men constitute the principal class to whom a savings argument should appeal.

On the Wrong Track.

It would seem, therefore, that most savings banks have been on the wrong track for a long time, from the viewpoint of publicity. To appeal practically to the earning public it must be shown where and how more than four per cent. return can be secured on savings funds after the account has reached a comfortable size. And as a savings bank cannot consistently pay more than this figure, it remains for it to adopt the broader principle of advising people to save a few hundred dollars, that they may invest their savings where they will command the greatest return, bringing particular stress on the fact that a few hundreds are necessary, and that the best way to save this amount is through a savings bank. The advice should also include specific information on just what to invest in, how much should be saved for a start, how long it should take for savings to increase, etc. The bank can count on the use of the money during the saving interval for its profit.

Generalities do not appeal to the man desirous of bettering his financial condition. He wants to know what is possible if he saves so much each month, and deposits it regularly in the bank. Now right here is where savings banks are weak in their argument in soliciting accounts. They can pay only four per cent. at the outside—a smaller rate of interest than that of good bonds, which are now obtainable in hundred dollar denominations. And when money is so invested it is almost as available as when in bank, as good bonds are accepted as gilt-edged collateral for a loan of at least seventy-five per cent. of their par value. And, further, there is the possibility, if the bonds are wisely selected, that, as they approach maturity, they will command a premium in the market, and net a larger return on the investment. But bonds are by no means the most prolific investment the saver can make. And when once invested in bonds, the money is temporarily beyond the reach of the savings bank. So it is up to the institution to encourage other lines of investment equally as safe and even more prolific. The building business is one of several, which, when conservatively conducted, seem to meet these requirements.

How to Invest.

It is comparatively easy to secure ten per cent. net income on small renting properties, and if new houses are built and sold quickly on easy terms, which is nearly always possible, as the easy payment buyer is omnipresent, a greater percentage of profit may be realized. And if his real estate operations be carried on in a modest way, the owner can fill a salaried position without conflicting with his outside interests. It should therefore be obvious to the savings bank that the duty of the institution is not only to promote the cause of thrift, but to show what can be done with savings funds if the account is steadily built up to an investment size. To the older banker this broadened plan of personal appeal would hardly coincide with the old-fashioned idea of conservatism, and would suffer abandonment for this reason.

But the points stated above constitute in the rough the state of affairs the savings bank must face to meet existing conditions. While, on the surface, it might seem unwise to inform people where more than four per cent. can be secured on savings funds, this attitude is far more consistent on the part of the bank than if it fails to offer suggestions at all to its patrons on where and how to invest their money, and to allow it to be withdrawn for investment in some hazardous enterprise. And further, if the bank acts in the capacity of adviser, it is pretty certain that very little money will be lost. The bank keeps in close touch with its customers in this manner, and has every claim to their future good will and future favors.

MORE THRIFT EXPERIENCES

SAVINGS BANK MEN GIVE ACTUAL EXAMPLES OF SUCCESS

Mr. Charles W. Gennet, president of the Binghamton (N. Y.) Savings Bank, writes:

In reply to your valued favor, requesting me to epitomize for THE BANKERS MAGAZINE a case that has come under my observation illustrating how a savings account has promoted thrift and success, I am forced to admit at the outset, after an experience of upwards of forty years in this institution, that out of the multitude of such cases that have come to my personal observation, I am hardly able to specialize any particular one. It is no uncommon thing to have a depositor say to me, "Well, if it had not been for your bank I should not have my house." Or, to cite a case that came under my very recent observation, a gentleman from a neighboring village where he is a prosperous merchant, said to me, "I had saved and had on deposit in your bank four hundred dollars when I left here." He came in the bank that day to make his account up to three thousand dollars, and informed me with great satisfaction that he also had ten thousand dollars invested in his business, and referred with pride to the fact that he made his real start when he opened his savings bank account. We have had many cases where depositors have by persistently following the saving habit accumulated enough to make a payment upon their homes, and who now, instead of the bank owing them, are indebted to the bank until by keeping up the saving habit they will eventually pay the sum they were able to borrow.

I have also in mind the case of a man who is now an official in one of our prominent banking institutions, and who years ago, while a plodding clerk in the bank, deposited the sum of five dollars per week in a neighboring institution, until he was able, after several years, to purchase and make a payment upon the property upon which he still resides. Possibly he might have secured this property in some other manner, but the fact remains that the nucleus was formed when he started that five dollar bank account, and his home is certainly as dear to him as though he had fallen heir to it, or suddenly became possessed of it by some unaccountable or lucky speculation.

You have asked me for only a paragraph or two, but my long experience in helping to care for other people's money has tempted me to enlarge upon the subject, which, in my opinion, is one that admits of no argument, and is almost emphatically in favor of the one who contracts the "saving habit" and relies upon it for ultimate success.

Mr. Charles E. Ballou, treasurer of the Woonsocket, R. I., Institution for Savings, writes:

I have selected two or three accounts which show particularly how deposits will grow if deposited in a savings bank and not disturbed and will add that in each case mentioned, the depositors in after years were very well to do people, I presume depositing in other institutions as in ours.

1st. Where an account of $200, being deposited in 1853, the amount in 1888, when the account was closed, had accumulated to $1,446.83.

2nd. A deposit of $423 in 1874 amounted to $1,655.34 in 1903, when the account was balanced.

3rd. A deposit of $1,000 in 1865 was paid the estate in 1908, and the account when withdrawn was $6,216.

We have many cases where deposits are made regularly each month and, although small, accumulations enable the depositor in a few years to purchase a home. These regular and often deposits, especially among young people, are to be specially commended.

Mr. Frank Patton, cashier of the Astoria Savings Bank, Astoria, Oregon, contributes this:

This bank was opened for business on the first day of March, 1891. The first depositor was a girl, who had saved up $20, and came early, as she wanted to be the first depositor. She placed the amount on deposit on certificate bearing interest. The certificate has been renewed each year, the interest being added to the principal. Sometimes it was at the rate of 6 per cent. Later it was 3 per cent. per annum, and now bears interest at the rate of 4 per cent. per annum. On the first day of March this year the certificate was renewed, and was at that date $51.08. The same person two years later placed $75 in interest in book. This deposit has been added to at intervals. Some years as much as $200. As it would accumulate to the amount of $500 would buy property. Later constructed houses. The party is now receiving rental of $75 per month, or $900 per year. This was all done by setting aside from $5 to $10 each month. Another party commenced saving and placing in this bank whatever amount they could spare each month. Sometimes $5 and as high as $20 some months. They commenced the account with $10 eighteen years ago. They have added from time to time, and never exceeded $240 in one year. They now have $8,460 in this bank, and say they never missed the money deposited and did not deny themselves anything really needed.

Mr. M. E. Holderness, assistant cashier of the First Savings Bank, and Trust Company of Nashville, Tenn., says:

The most conspicuous cases in our locality refer to home building, and while customers seem to put aside a certain part of their income for various purposes, I am more impressed with the common desire of many of them to have homes of their own.

I give as an illustration the last case coming under my notice: A young man who has been regularly employed as a driver by a local express company, has been depositing his weekly savings with us, and had accumulated a sum sufficient at the beginning of this season to build for himself and family a home. His home was today completed and paid for, leaving him still a balance of $6.41, to the credit of his savings account, which he will doubtless build up again for some worthy purpose. I have no doubt this young man would still be paying rent had he not adopted the savings system.

Mr. George H. Wise, treasurer of the Bangor, Pa., Trust Company, sends this:

I have in mind a young man about 20 years of age working as a slate maker in one of our quarries who is one of our regular depositors in the savings department. During a period of four years just passed he has deposited each month an average of $25, a total of $1,200 for the period, or $300 per year. This is a good yearly saving, considering the average of steady work for him is nine months out of the year.

Periodically this young man withdraws $500 and invests in good bonds yielding a fair interest. Since the inauguration of his savings habit, about four years ago, he has accumulated $2,500 in such securities, and if he maintains his average savings for several years to come he will undoubtedly have the nucleus of a small fortune and be in position to establish himself comfortably in the world.

Such an example of thrift is worthy of imitation and is unquestionably the surest way to become independent.

All of these incidents are good material for the man who has savings advertisements to write. There is nothing so good as concrete examples of successful thrift.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Farmers Deposit National Bank of Pittsburgh, Pa., advertised its certificates of deposit by sending out a good imitation of a handwritten note, signed by the president, T. H. Given, calling attention to the advantages of the certificates. The matter in the letter was as follows:

> We beg to call your attention to the advantages of our certificates of deposit, for the employment of funds, temporarily in excess of the wants of your business or that may be awaiting permanent investment.
>
> We are prepared to issue them, payable at sight or at a fixed date, at agreed upon rates of interest which will be as liberal as the demand for money and the circumstances justify.
>
> We shall esteem it a favor to be permitted to take this matter up with you, either by personal interview or correspondence.

The Farmers National Bank of Beaver Falls, Pa., does some novelty advertising. It has been giving away a safety match box with its name stamped on it.

The Long Island Safe Deposit Company, the oldest safe deposit company in Brooklyn, gives away a handy folder containing a blank form for keeping track of investments—their cost, rate and income due.

The Fulton Trust Company of New York, on October 21, sent to its stockholders and depositors a printed letter giving the net results obtained in the twenty years of the institution's history. It was a very satis-

Happy New Year

factory report indeed, as the company has been very successful. Its resume of the banking period, 1890-1910, is a succinct and interesting statement of financial conditions in that time.

The First National Bank of Northfork, W. Va., in November sent out neatly engraved cards extending an invitation to visit its remodeled and complete quarters.

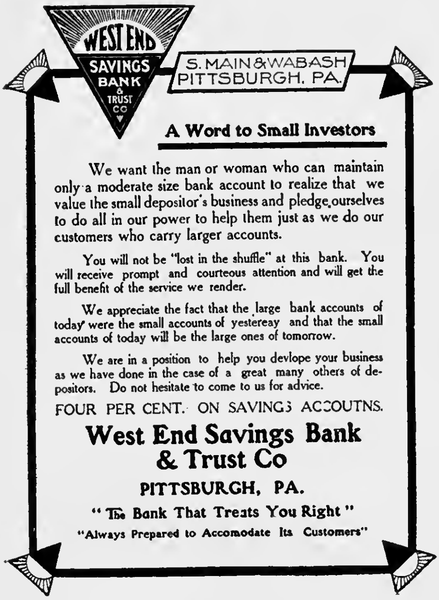
The Iowa National Bank and Des Moines Savings Bank of Des Moines have just inaugurated a simple device to make their customers feel at home. Heavy bronze name plates bearing the names of the tellers are placed at their respective windows. It is a source of much pleasure to some customers to know the man with whom they do their actual business, and it is a good form of personal advertising.

The National Bank of Savannah, Ga., celebrated its twenty-fifth anniversary by issuing a particularly noteworthy brochure. Like the bank's building itself, the booklet is little less than sumptuous. Most of the space is occupied by splendid halftone cuts printed on tintblocks. The frontispiece is a portrait of the late Hon. Herman Myers, founder of the bank and its president for 24 years.

The Citizens Deposit and Trust Company of Allentown, Pa., is using a series of calendar post cards containing timely advertising

matter. The E. P. Wilbur Trust Company of South Bethlehem, Pa., also uses post cards.

The West End Savings Bank and Trust Company of Pittsburgh sends us a collection of its advertising matter, consisting of blot-



Hammering in Trade-mark

ters, penholders, pencils, mailing cards, pay envelope and newspaper advertisements. One of the latter is reproduced herewith and is particularly noteworthy on account of the effective use of a trade-mark emblem.

Cyrus H. Sweet, paying teller of the Central National Bank, of Tulsa, Okla., has sent us a copy of a handsome booklet recently issued by that institution. Its full title is "A Bit of History Concerning the Central National Bank and Some Interesting Facts About the City of Tulsa." This bank is not four years old, but already it has more than $1,000,000 deposits.

A good many people in the effete and blase East first heard of Tulsa a year or two ago when a party of Tulsa boomers came to New York. Some of the interesting facts about the place published in this booklet are these:

Population 25,400, an increase in seven years of 22,000.
Eighty-eight manufacturing plants.
Twenty-six wholesale and jobbing houses.
Seven public and one parochial school, with 3,683 pupils and 92 teachers.
One business college and one general college.
Five railroads, operating daily 32 passenger trains.
Fifteen miles of street railway in operation, with fifteen miles of suburban line in process of construction.
An assessed valuation of $8,500,000.00.
Twenty-one miles of asphalt paving.
Sixty miles of cement sidewalk.
An area of 2,580 acres, nearly four miles square.
The cheapest fuel in the world, natural gas, costing for factories from three to seven cents per thousand cubic feet; for domestic use sixteen cents per thousand cubic feet.
Coal may be had for manufacturing purposes for $1.50 per ton and for domestic use for $2.50.

The Maine Savings Bank of Portland, Me., has issued a series of illustrated advertising cards which bring out very strongly the good points of the institution. It has also published a very complete statement of condition, giving a detailed account of its resources.

CHRISTMAS AND NEW YEARS

Bankers Ought to do Some Timely Advertising

THE value of having special holiday advertisements lies in the fact that at this season everybody is thinking of Christmas and New Year's, the holiday spirit is in the air and it is therefore a comparatively easy task to get and hold the reader's attention by means of a Christmas or New Year's advertisement.

As will be seen from the advertisements reproduced herewith, banks quite generally make an appeal along the line of starting a savings bank account as a Christmas gift for son or daughter.

Another good idea is to call attention to the fact that Christmas is likely to be a time of greater cheer if the family has money in the bank.

The first of the year is a time for the making of good resolutions. It is also a period when interest and dividends are paid. Moreover many people take account of stock, actually and figuratively, at that time. So it is very opportune for the banker to make a special appeal for depositors at this time. How some bankers have done it is shown by the advertisements reprinted from newspapers of a year ago.

TWO GOOD BOOKS

For Bankers Who Are Making a Real Study of Advertising

"ADVERTISING" is the title of a valuable little book by Howard Bridgewater, advertising manager of "The Financial Times," of London. The book treats of English conditions, but as human nature and the laws of trade are

Young Man, your intended bride will be far better pleased if on Xmas day you can show her a pass book with a fair sum credited to it than all the finery you might buy. She'll see that you are practical and serious and worthy of her affections. The girl of today has common sense and realizes that a man in order to be successful must be thrifty and economical.

3 Per Cent Interest on Savings Accounts.

HOME SAVINGS BANK,
7th and Mass. Ave. N.W.
BRANCHES:
7th and H Sts. N.E. 436 7th St. S.W.
Under Supervision of the U. S. Treasury.

N$B

Up Against It?

Don't know what to give for a Christmas present? Don't know whether your friend will like it or not?
Buy him a bank book. If he doesn't like it bring it back and get your money.
Could we offer more?

NAUGATUCK Savings Bank.

SANTA CLAUS' BUSY SEASON

this is now, and there is nothing tha he delights to fill the Xmas stocking with as a bank book to start an account with this bank. A Christmas suggestion we would give you now that you can make yourself or your children no better gift than placing money for them with us.

WE PAY FOUR PER CENT

South Side Bank
Thirty-eighth and Jacob Streets.
Open Saturday Evenings.

STRAIGHT FACTS

Christmas is the time for giving.
Giving requires money.
Money is to be accumulated by saving.
Saving can best be accomplished through a savings account.
If you haven't tried it yet, come in with a dollar the next time you are passing our bank and get your account started. Remember there is another Christmas next.
3% interest on savings accounts. Open Saturday evenings 7 to 9 o'clock.

THE DIME DEPOSIT BANK
Cor. West Market and Franklin Sts.

A Wife

A delightful Surprise on X'mas Morning

could not take a better form than a gift of a Savings Bank account from hubby. It will encourage her to be thrifty and economical. Make a deposit in her name and give her the book as a Yuletide present. We give liberal interest and ample security for all moneys deposited with us. Think over this idea of a present for your wife. No better Christmas gift. Deposits received from $1.00 up, 4 per cent per annum interest, payable quarterly.

Union Savings Bank
60 North Royal St., Mobile, Ala.

A Christmas Present for You

Many of your friends and acquaintances are securing themselves against a possible future of want or distress. Some are accumulating a fund to serve as business capital.

What they are doing you can do. The three per cent interest we pay will help the amount grow.

In this institution a Savings Account can be opened with as little as a Dollar.

Give yourself a really worth-while Christmas present

The Pennsylvania Trust Company
536 PENN ST., READING, PA.
Capital, $250,000.00 : : Surplus, $575,000.00
In Capital and Surplus There is Strength

START A BANK ACCOUNT FOR YOUR BOY'S MERRY XMAS OR YOUR OWN
Santa Claus has a Bank Account

CREATE OR CRUMBLE. Every man should create a foundation for success before old age crumbles his earning powers. A small savings account started today, NOW, will start you on the road to independence. The farther you travel on this road the less you will wish to turn aside.

We pay liberal interest combined with safety. 3 per cent on savings and 3 per cent. on time deposits.

We Collect Out-of-town Checks Without Cost to Our Depositors.
MAKE OUR BANK YOUR BANK.

THE GEORGIA STATE SAVINGS ASS'N
(Banking and Trust.)
CAPITAL AND SURPLUS $400,000.00
See Advertisement Of Time Certificates On Last Page.

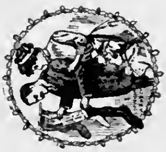
A Check at Christmas

is always very acceptable then, or even at anytime, for the name of this bank stands for all that financial integrity stands for. For that reason a check backed by this bank is accepted as good as a treasury note.

Open an account with us

WE PAY FOUR PER CENT

South Side Bank
Thirty-eighth and Jacob Streets.
Open Saturday Evenings.



Greetings to you

The Home Savings Bank wishes everyone of the patrons and friends a Merry Christmas, with all the happiness and cheer that goes with the holidays. We believe we have helped a great many of you to enjoy this Christmas by encouraging you to save money and giving you a safe place to keep it. Not only does a bank account encourage thrift and give you the money to spend for the holidays but it gives you a training that makes future prospects bright—and that after all, is the thing that helps most to bring Christmas cheer. If you have had no bank account do not lose a day in getting one started. Remember there is another Christmas next year.

One Dollar Will Start an Account

The HOME SAVINGS BANK
WHITE PLAINS, N.Y.

Transform Your Checks Into Cash

Banking at Holiday Time

HOLIDAY

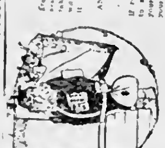
FOURTH NATIONAL BANK
MACON, GA.

CHRISTMAS DEPOSITS

... take the risk of keeping their cash ... may steal or fire destroy ...

AN ACCOUNT AT THE FOURTH NATIONAL BANK?

If not, ... to avoid the risk of loss. Keeping your receipts of cash at home or at your place of business is a constant temptation to thieves who are looking for just such an opportunity.



FOURTH NATIONAL BANK
MACON, GA.

ORDER BLANK

Make Remittance Payable to WACHOVIA LOAN & TRUST CO.
More Order Blanks will be Sent on Request.

1909

WACHOVIA LOAN & TRUST CO.
Winston-Salem, N. C.

Gentlemen: I send herewith names of those to whom I wish to make a Christmas Gift of a bank account and enclose $ (cash, money order, check). You are to mail bank books to reach destination by Christmas Day with a Christmas Greeting in my name.

Yours truly

Name in which to open Account	Address	AMOUNT Dollars	Cents

The Wachovia Loan & Trust Co. will acknowledge remittance on day of receipt and mail books just before Christmas.

Some Xmas Suggestions

the same everywhere, that does not prevent the work from being one of great interest and profit to American advertisers.

The one chapter dealing with the commercial value of imagination is worth the price of the whole book which is only fifty cents. Sir Isaac Pitman & Sons are the publishers.

Charles R. Wiers of Buffalo, N. Y., has issued a new edition of his book "How to Write a Business Letter." This little work should be a *vade mecum* for every man who

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An Unusually Good Advertisement

The Service of a Trust Company

"Following closely upon the administration of the estate of the late Chief Justice Fuller by The Merchants Loan and Trust Company, as one of the executors and trustees under the will, comes the probating of the estate of the late Lambert Tree, another eminent jurist, the petition in this case being presented to the probate court on Wednesday by The Merchants Loan and Trust Company, as executor and trustee of the estate. These two instances of the corporate handling of estates are notable ones for the reason that both gentlemen were eminent in the profession of law—one having occupied the highest place in the world's greatest tribunal, and the other having distinction throughout both continents as a lawyer, a judge and a diplomat, and both having chosen the same institution to administer their affairs. And there is even more than this prominence to be given the circumstances. When men so schooled in legal requirements and legal responsibilities, to say nothing of legal possibilities, turn to the modern trust company and use its machinery as a safeguard for the proper handling of their estates after death, the system is given the strongest possible endorsement. The estate of Justice Fuller was valued at nearly one million dollars, while that of Judge Tree is more than four and a half million dollars."

The above editorial clipping from the *Economist* was handed to us by one of our thoughtful citizens with the suggestion that we make it the basis of an advertisement.

We adopt the suggestion because it emphasizes our proposition, to-wit: That a strong institution like the VIRGINIA TRUST COMPANY is better qualified to act as Executor and Trustee than an individual. The reasons are many, and we invite the opportunity of pointing out these advantages to any prudent man or woman interested in the matter.

Booklet on trusts sent free. In it are given some valuable information about the drawing of a Will.

VIRGINIA TRUST COMPANY
RICHMOND, VIRGINIA.
CASH CAPITAL, $1,000,000.00

HERBERT W. JACKSON, President.
JAMES N. BOYD, Vice-President. JNO. M. MILLER, Jr., Vice-President.
L. D. AYLETT, Secretary. JNO. H. SOUTHALL, Treasurer.

"We thought perhaps you might be interested in this ad. for a Trust Company. We have spent considerable money this year in printers ink and this particular ad. has brought more results than any we have used."

H. W. JACKSON,
President.

VIRGINIA TRUST COMPANY
RICHMOND, VA.

has business correspondence to handle. Mr. Wiers is not a theorist. He is actively engaged in producing business-getting correspondence and the hints he gives are practical ones. This book is well worth the price—$1.

The Bankers Publishing Company, New York, will forward either or both of these books to any address upon receipt of the price.

MR. LEWIS HONORED

E. St. Elmo Lewis, advertising manager of the Burroughs Adding Machine Company of Detroit, and a well-known writer on advertising matters, has been appointed chairman of the national advertising section of the Associated Advertising Clubs of America, and he has also been given a place on the educational committee.

BOOK REVIEWS

The Intimate Life of Alexander Hamilton. By Allan McLane Hamilton. New York: Charles Scribner's Sons.

Few of the characters in our early history possess a greater interest than attaches to the subject of this biography. This latest of the many histories of Hamilton's life that have been written is "based chiefly upon original family letters and other documents, many of which have never been published."

FROM A PAINTING BY SHARPLESS

Alexander Hamilton at Thirty-seven

Dr. Allan McLane Hamilton, the author of this biography, is a grandson of Alexander Hamilton, and has no doubt had exceptional opportunities of getting at the facts. He has produced a strong portrait of the first Secretary of the Treasury. Any life of Hamilton could hardly fail to be interesting, but this one is absorbingly so and especially by reason of its giving a more intimate view of his life and character. His public achievements were already well known, but much remained to be told about his private career. It is in this respect that the present biography is of exceptional value. Many of the letters are of peculiar charm, revealing the tender, domestic side of Hamilton's character.

"The Intimate Life of Alexander Hamilton" is a most appropriate book for the banker's library.

Arbitrage, by Henry Deutsch, Ph. D., Effingham Wilson, London. Price $3.40.

More facts and figures on the process of arbitraging in bullion, coins, bills, shares and options, are contained in Dr. Deutsch's book than in any other ever published. Replete with calculations and examples, the work is a perfect mine of information. To the expert arbitrageur as well as to the mere student of the subject, the book should prove invaluable. The calculations expressed and explained therein are to be found nowhere else.

Legends of the City of Mexico. By Thomas A. Janvier. With six pictures by Walter Appleton Clark, and with photographs. New York: Harper & Bros. (Price, $1.30, net.)

Rather "creepy" are these legends, but fascinating as Poe's romances. To those who have lived in Mexico City, they revive the charm of its ancient streets and picturesque scenes. To others who have not had this good fortune, they will afford an

entrance into a strange realm, mysterious and alluring.

Mr. Janvier avers that he did not invent these tales, but discovered them. He presents his discoveries in language of rare beauty and with a sympathetic feeling that never flags.

PEOPLE'S BANKS: A Record of Social and Economic Success. By Henry W. Wolff. London: P. S. King & Son. (Price, 6 shillings, net.)

Not elsewhere do we remember to have seen so complete a record of the operations of the various kinds of "people's banks" as may be found in this volume. In several European countries these credit associations have achieved remarkable success and have been of great benefit to the people, in many cases providing banking facilities to those whose circumstances debarred them from other institutions.

The account of these institutions presented by Mr. Wolff is an interesting one and may be profitably studied by bankers and especially by those concerned about sound and practicable means of bettering social conditions. No doubt some of the institutions described could be instituted in the United States with great advantage to the people.

THE BANKER IN A NEW ASPECT

SHOWN TO BE AN IMPORTANT FIGURE IN LITERATURE

ACCUSTOMED as we are to think of the banker as a lender of money and credit, a custodian of securities and a counsellor of the financially troubled, it comes as an almost startling revelation to find that one who is looked upon as a close-fisted man of business, and who has even been called a skinflint, really occupies a prominent place in literature, both as a creator of poetry and prose and as a figure with which the great literary artists have delighted to deal.

This revelation comes to us through a book by Johnson Brigham, State Librarian of Iowa. It is entitled "The Banker in Literature," and is published by The Bankers' Publishing Co. of New York. (Price, $2.00.)

As a creator of literature, the banker has by no means been circumscribed by the lines of his own business. History, poetry, criticism—all the departments of literary effort—have claimed his attention and contributed to his fame.

It was a London banker—George Grote—who wrote what yet remains a standard "History of Greece," as it was also a London banker—Samuel Rogers—who wrote "The Pleasures of Memory" and "Italy."

In our own country two distinguished poets—Fitz-Greene Halleck and Stedman—were bankers at one time in their lives.

To enumerate all the bankers who won fame as essayists, poets, dramatists and novelists would result in a list of names surprisingly long and of high repute in the world of letters. We should find prominent in this list, besides those already mentioned, William Paterson, John Law, David Ricardo, William Roscoe, the Lubbocks, Walter Bagehot, Westcott (the lamented author of "David Harum"), and a number of others.

As a character in literature, the banker has figured prominently in the works of Balzac, Dickens, Thackeray, Bulwer, Dumas, Reade, Ibsen and other writers. These pictures afford the banker an opportunity of seeing himself as others see him.

Mr. Brigham has given us a sufficient historical sketch of the literary bankers to enable us to judge what manner of men they were, and has liberally quoted from their principal productions. Several anecdotes also enliven the book.

It may be doubted whether the demands made on the banker's time and energies by the stress of modern business life would permit any one to achieve the solid literary fame of some of those whose work Mr. Brigham has so delightfully called to mind. These men belonged, if not to "the good old times," to an elder day, of more politeness, elegance and leisure, when the cultivation of the fine arts was less inharmonious with the banker's calling than it seems now.

The book contains a peculiar charm. In its pages the banker will realize a delicate reminder of his own occupation, but he will be held by a thread so fine as not to be galling—a mere reminder of busy hours, while he is enjoying himself in company with men who were bankers and who have earned lasting fame as creators of literature.

Appropriately enough, the book is dedicated to John Pierpont Morgan, LL.D., "America's foremost banker and patron of literature." Not only is Mr. Morgan a distinguished banker and patron of literature, but his name itself calls up literary associations, his maternal grandfather, John Pierpont, having been a New England clergyman and poet of reputation.

THE BANKS OF ATLANTIC CITY—AMERICA'S POPULAR PLEASURE RESORT

SPEAKING of the conversion of Atlantic City, N. J., from an exclusive watering place to a city of business and commercial interests, Joseph A. McNamee, in an article for the Philadelphia *Public Ledger,* has the following to say of the city's banking institutions:

Prior to the year 1881 any banking that was done was by mail or by express through the Camden and Philadelphia banks. During the latter '70s there was considerable agitation in favoring of organizing a local bank. In view of the meagre population, there being but a thousand odd souls in the community, the timid ones urged caution. However, in 1881 the Atlantic City National Bank was successfully launched with a capitalization of $50,000.

The first bank met with so much encouragement that in 1887 it proved an easy matter to secure $100,000 as capital for the Second National Bank, with which was associated the Atlantic Safe Deposit and Trust Company, capital $100,000. The banking business offered such remunerative opportunities that four others quickly followed the example of the second. In 1890 came the Union National, with a capital of $100,000; in 1900 the Guarantee Trust Company, capital $500,000; in 1901 the Chelsea National, capital $100,000, and in 1902 the Marine Trust Company, capital $100,000.

After this there was a slight lull. As each new bank made its debut the pessimist was ever ready with the claim that there was one bank too many, and, therefore, the new venture would prove a failure. In each case the "croaker" failed to reckon upon the increased patronage of the resort and the consequent increased demand for banking facilities. The evolution of the famous Boardwalk kept pace with the growth of the city, so that, from a few modest planks laid on the sand, it had grown to a magnificent elevated steel structure. In the year 1907 it was concluded that the Boardwalk would not be complete in its appointments without a bank. So the Boardwalk National was organized, with a capital of $200,000. Upon opening its subscription books the stock of the Boardwalk Bank was oversubscribed, as was the case with all of the other banks, with the exception of the Atlantic City National, which was considered somewhat in the light of an experiment.

As the banks waxed strong and prosperous allied financial institutions quickly came into being. The Atlantic City Building and Loan Association has the honor of antedating the banks, having been organized in 1869. In 1881 came the People's Building and Loan Association, 1889 the Mutual Building and Loan Association, in 1895 the Atlantic Coast Building and Loan Association and in 1900 the Atlantic Title Company, which afterward absorbed the West Jersey Title Company. In 1902 the Atlantic City Fire Insurance Company and the Eastern Fire Insurance Company were organized. In 1903 came the South Jersey Title Company, in 1904 the West Jersey Mortgage Company, and in 1908 both the Home Building and Loan Association and the Ventnor Building and Loan Association were established.

All of these corporations, together with real estate companies galore, were either directly or indirectly fostered by the various banks, and the great majority of them have been and are in sound financial condition. In fact it might also be said there has not been a failure in any of the financial institutions in Atlantic City that were organized on a legitimate basis.

All of the banks of Atlantic City occupy substantial and pretentious quarters with the exception of the Atlantic Safe Deposit and Trust Company. This highly successful institution leads all of its competitors in volume of business, which it transacts under the same roof with the Second National Bank. However, it has secured an elegant building site at the southeast corner of New York and Atlantic avenues, and it is now preparing to erect thereon a magnificent building.

The greater part of the funds of the Atlantic City banks is loaned on notes made by the local people. It has been the policy of the banks to encourage the development of the city, and, in making loans, the moral risk was always given first consideration. The inherent confidence of the people in the future of Atlantic City was communicated to the banks, and, as a consequence, credit was made easy in all deserving cases. This confidence proved to be so well reposed that the entire loss by all the banks upon commercial paper during their entire existence is a mere bagatelle. In fact, such item is so small it would barely suffice for the ordinary man of means to spend a summer at one of the imposing beach-front hotels.

Each season has shown a steady growth in the business of the banks, a sure indication of the growth of the city. At the close of business on September 1, 1910, the deposits in all the banks were, in the aggregate, $11,400,000, while the combined capital and surplus of the institutions approximated $3,105,000. All of the banks, with one exception, are upon a dividend-paying basis, the annual dividends ranging from six to thirty per cent. The stock of the banks commands a high premium. While the stock of metropolitan banks generally sells at a figure below the actual book value, the stock of Atlantic City banks commands a price much above book value. Thus, although the book value of the stock of the Atlantic City National Bank is about $816 per share, $1,200 is freely offered without takers. The last sale was at the rate of $1,100 per share.

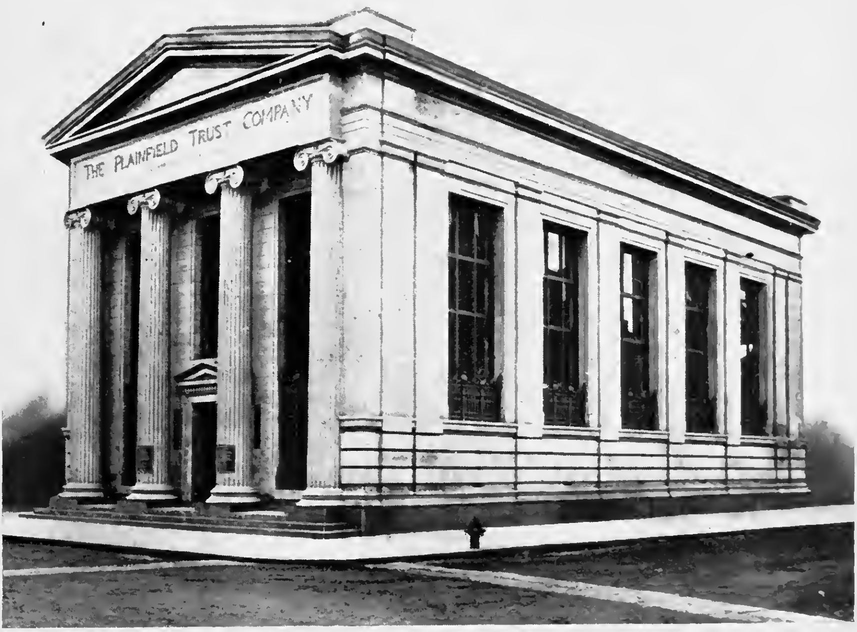
MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE PLAINFIELD TRUST COMPANY, PLAINFIELD, NEW JERSEY

THE eight years constituting the official life of the Plainfield, N. J., Trust Company have been years of rapid growth and development. Starting in 1902 with a capital stock of $100,000, this institution, in the face of keen competition, has built up a line of deposits that, on the first day of last September, was declared to approximate three millions of dollars. On this same day the bank reported surplus and undivided profits of $216,456 and total resources of $3,334,306.

Up-to-date methods, conservatively employed, have won for the Plainfield Trust Company a confidence in its home city that has communicated itself to many of the surrounding towns and villages, whose business in constantly increasing volume, it is handling. This out-of-town business is largely the result of a vigorous "Banking by mail" campaign, that has been conducted to swell deposits in the savings department. The company has always been an advocate of extensive publicity and has found that good results are obtained when the terms and facilities of its banking, savings, safe deposit and trust departments, are kept constantly before the public.



The Plainfield Trust Company, Plainfield, New Jersey

Throughout its existence the Plainfield high ideals and while there have been concessions to many of the demands of modern banking, they have never been made at the expense of sound banking principles.

In accordance with this policy it pays three per cent. interest on checking accounts with balances of $500 or more, and four per cent. interest on time deposits in its savings department. In July of this year the stockholders were paid a dividend

Directors' Meeting Room

Ladies' Department

of five per cent., which is but another indication of the company's healthy condition.

THE NEW HOME.

Five years ago the ornate building reproduced herewith was erected. It is after the classic style of architecture, a type that possesses many advantages when the building is to be used exclusively for banking purposes, and cost a large sum of money. The high-ceiled interior is conveniently divided off into a generous public space and a well-lighted working space by marble counters topped with screens of bronze and plate glass. Looking across the main banking room from the entrance the massive vaults may be seen. These vaults are the finest that could be purchased and contain boxes of all sizes for renting. Special provisions are made for lady customers, whose accounts are valued highly. In every department special care has been exercised to select fittings that will be pleasing to the eye and at the same time conducive to routine of business. The photographs reproduced herewith will give some idea of the arrangement and appearance of the interior.

PERSONNEL.

The company is fortunate in having its affairs in the hands of officers whose broad experience and natural attainments eminently qualify them for the conduct of the business. The president, Orville T. Waring, and vice-president, Henry A. McGee, are both prominently associated with the Standard Oil Company and while their offices are in New York City, they keep in close touch with the management. A. V. Heely, first vice-president, holds a like position in The Farmers' Loan and Trust Company of New York.

H. H. Pond assumed the position of secretary and treasurer in May of this year, succeeding in that office J. Herbert Case, now vice-president, who resigned from the active management in order to accept the vice-presidency of the Franklin Trust Company of New York. Mr. Pond, who was for many years cashier of the Vineland National Bank and secretary of the Vineland Trust Company of Vineland, N. J., is well known throughout the State of New Jersey as vice-president of the New Jersey Bankers' Association.

The assistant secretary, DeWitt Hubbell, was formerly associated with the Mutual Alliance Trust Company in the capacity of teller.

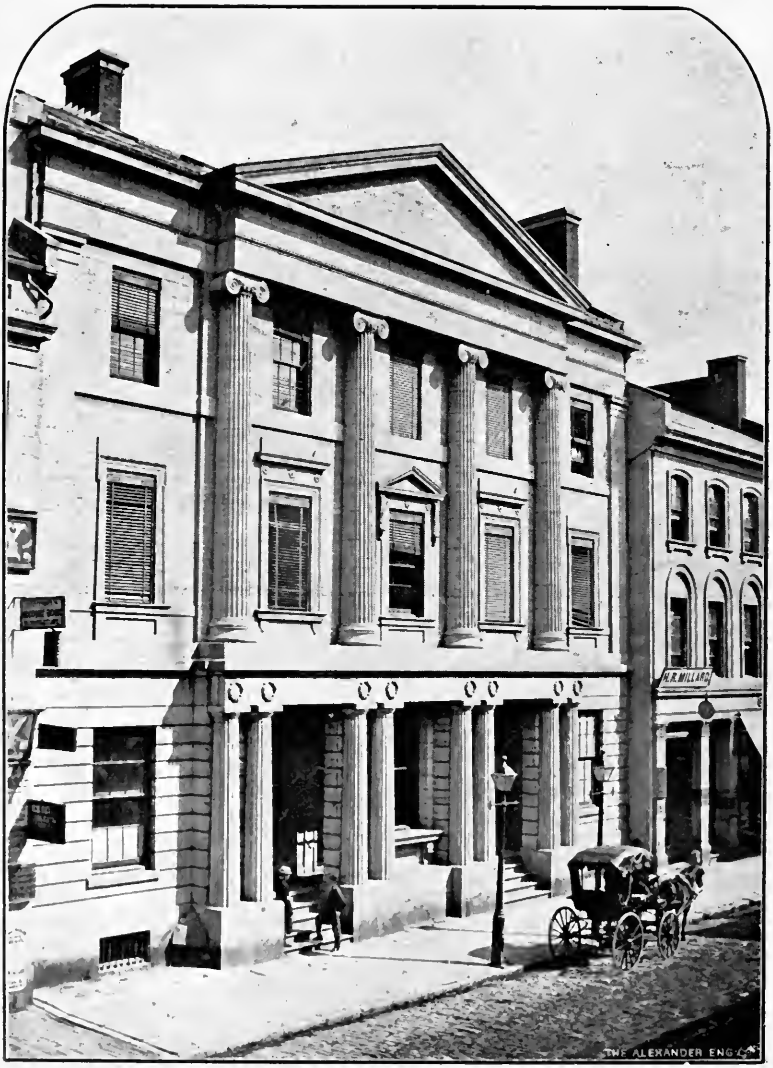
A glance at the names of those who comprise the directorate will show that all are well-known successful business and profes-

Main Banking Room

the Plainfield Trust Company is a guarantee of prudent and conservative management.

They are:

J. Herbert Case, vice-president Franklin Trust Co., New York.
Frederick Geller, attorney and counsellor-at-law, New York.
Augustus V. Heely, vice-president The Farmers' Loan and Trust Company, New York.
James W. Jackson, executor of the Jesse Hoyt estate, New York.
Edward H. Ladd, Jr., Ladd & Wood, bankers, New York.
Charles W. McCutchen, Holt & Co., commission merchants.
Henry A. McGee, Standard Oil Company, New York.
Walter M. McGee, Standard Oil Company, New York.
Charles A. Reed, Reed & Coddington, attorneys.
Isaac W. Rushmore, dairy products, New York.
Frank H. Smith, Register Union County, Elizabeth, N. J.
Samuel Townsend, president, People's National Bank, Westfield, N. J.
Cornelius B. Tyler, Tyler & Tyler, attorneys, New York.
Lewis E. Waring, Edward Sweet & Co., bankers, New York.
Orville T. Waring, Standard Oil Company, New York.



Bank of British North America—Head Office in Canada, Montreal

THE BANK OF BRITISH NORTH AMERICA

THE Bank of British North America, for almost seventy-five years has occupied a very prominent position among the financial institutions on both sides of the Atlantic and throughout a period longer than the reign of the late Queen Victoria has maintained a most honorable reputation. It has never passed a year without distributing a dividend, a fact of very material importance to its shareholders. The dividends have varied in rate according to each year's profits, owing to the fearless policy of successive directors and general managers in meeting losses promptly and fully and in exercising great caution in the employment of funds placed at their disposal. The dividend for seventy-five years has averaged about six and one-

Bank of British North America, Toronto, Ont., Branch

half per cent. per annum and in addition, the bank has accumulated, entirely out of profits, a reserve fund which now amounts to $2,530,666, equal to fifty-two per cent. of $4,866,666, the amount of its paid-up capital.

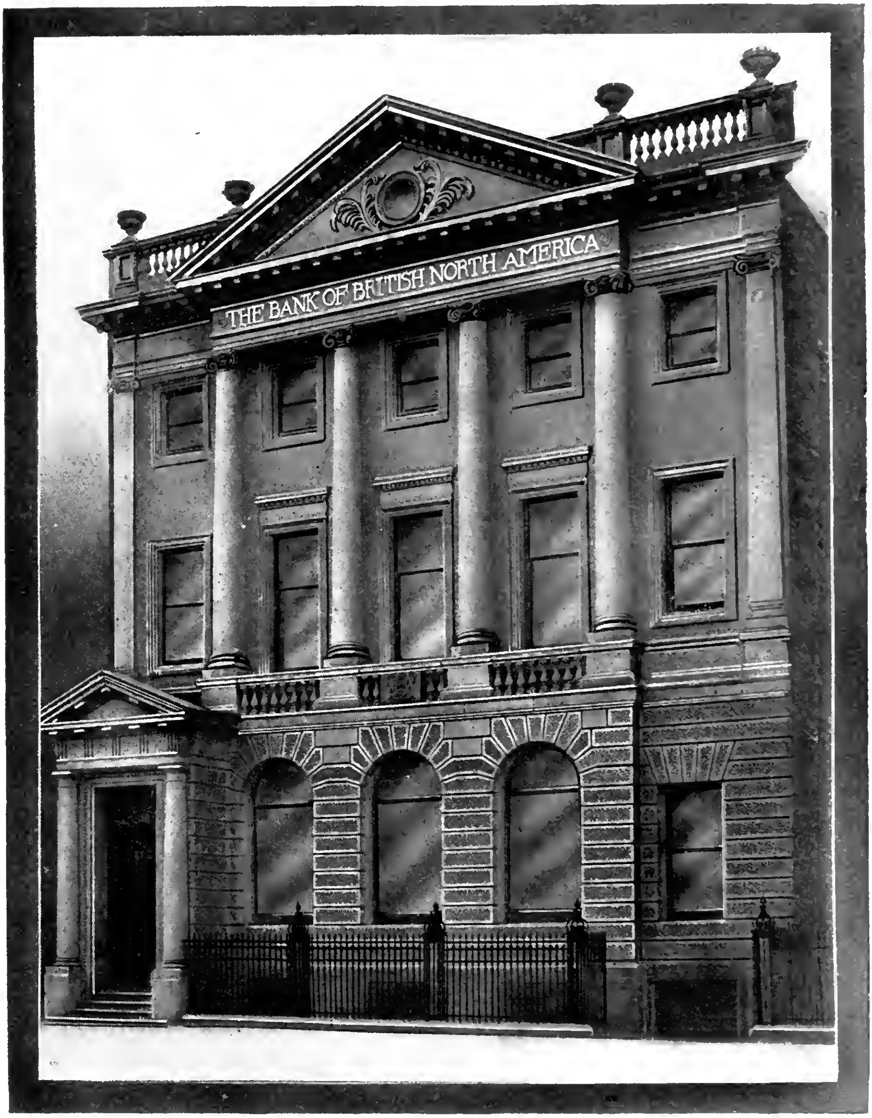
the New York agency was established. Since that date branches have been established all over Canada at important cities and towns, until at the present time the bank has some eighty offices stretching from Halifax, N. S., and New York on the At-

Bank of British North America, Vancouver, B. C., Branch

The Bank of British North America was established in 1836 and the Montreal office opened for business March 13 of that year. Early in the following year branches were opened at Quebec, Toronto, Halifax and St. John and in April, 1843,

lantic to Victoria, B. C., and San Francisco on the Pacific, with Dawson in the far North. This institution, whose head office it as 5 Gracechurch street, London, E. C., with the head office for Canada at Montreal, is the only bank in Canada

incorporated by Royal Charter, which incorporation was granted in 1840. Of this fact, the officials of the bank are justly proud and as they look back on the useful career it has enjoyed for seventy-five years long before the opening of the first transcontinental railway, it decided to afford banking facilities to British Columbia and to that end sent around Cape Horn the necessary clerks and equipment, when a



Bank of British North America, Winnipeg, Man., Branch

and note the extension of its business, they have a right to be proud of its work and its results.

The old "British Bank" as it is frequently called, has been a pioneer on more occasions than one. More than fifty years ago, branch was opened at Victoria, B. C., May 20, 1859; and when the Klondike rush began, it was the first in the field, opening a branch at Dawson City in the Yukon May 18, 1898. These facts only go to illustrate the spirit of progress that has animated

the bank's management and still animates it.

As before mentioned an agency was opened in New York in 1843 so that for nearly seventy years it has been a part of the banking life of the Metropolis. In its early years it occupied quarters in Pine street and in Nassau street, but since 1873 it has been located in the building of the New York Life Insurance & Trust Company at 52 Wall street. For most of this time it occupied the eastern half of this building, but in August, 1909, it took possession of the offices in the same building previously used by the National City Bank.

The court of Directors of the bank of British North America consists of J. H. Brodie, J. H. Mayne Campbell, J. J. Cater, Richard H. Glyn, E. A. Hoare, Henry J. B. Kendall, Frederic Lubbock, C. W. Tomkinson and G. D. Whatman, all of whom reside in London, although they keep themselves familiar with the business conditions in Canada by frequent visits to this side, and may rightly be said to prudently administer their trust, expanding their interests when and where circumstances warrant and carefully guarding their financial resources.

In July of this year, Mr. E. A. Hoare, chairman of the court of directors, came out to Canada and spent several months visiting the various branches, going as far West as Vancouver and Prince Rupert.

The general manager, Mr. Harry Stikeman, who resides in Montreal, has occupied that office for over fifteen years.

REMODELING INTERIOR SCRANTON SAVINGS BANK, SCRANTON, PENNSYLVANIA

REPRODUCED above, is an interior view of the banking room designed and executed for the Kingston, Pa., Deposit and Savings Bank by the Veit Manufacturing Company of Grand Rapids, Mich., a concern associated with the Bankers' Building Bureau of New York City. The last named company has taken a contract to completely rebuild the interior of the Scranton, Pa., Savings Bank, involving

Interior View Kingston (Pa.) Deposit and Savings Bank. Designed and executed by the Veit Mfg. Co., Grand Rapids, Mich.

the removal of all partitions and fixtures, and will within a short time complete the work.

Particular attention will be paid by the designers to the lighting arrangements, a problem that should and will be considered from the viewpoint of an expert, because the scarcity of natural light in a banking room works a serious inconvenience to both patrons and clerks.

The main banking room will be treated in specially selected Pavonazza marble with Verde antique base and the working space will be enclosed and screened from the public by a marble counter topped with a bronze grille of beautiful and unique design. Back of this screen will stand the steel counters, filing devices and other articles of furniture in daily use by tellers and clerks. The tellers' counters are to be covered with carrara glass and the bookkeepers' desks with a heavy, durable composition, green in color.

Marble floors will be laid throughout the public lobby and assistant cashiers' space; the floors of the working space will be covered with Battleship linoleum.

An ornamental iron vestibule finished in Verde antique will give entrance to the main banking room. The doors will be of solid mahogany and clear plate glass.

The cashiers' private room on the main floor and also his outer office will be treated in solid mahogany. This same beautiful wood will be used in the furnishing of the directors' room and the ante room located on the mezzanine floor. Throughout the bank the same careful attention will be given to all details of construction and decoration and the final results should be pleasing to all concerned.

BANKING AND FINANCIAL NOTES

Secretary of the Treasury MacVeagh To Petition for Change in Currency Law—Desires Latitude in Paper Money Issues.

Important changes in some issues of paper currency and a radical reform in the method of disbursing public moneys under the sub-treasury system, probably will be recommended to Congress by Secretary MacVeagh.

The Treasurer desires authority to issue paper money in denominations most needed. Mr. MacVeagh will recommend that the laws restricting the issues to certain denominations be relaxed. The demand for small

notes is so great this year that the Treasury is issuing $1 greenbacks for the first time since 1885.

A radical step in the reform of the sub-treasury system will be a recommendation that collectors of customs and internal revenue be authorized to receive certified checks of national banks in payment of dues under such regulations as will insure the Government against loss. At present nothing but cash is received for customs and internal revenue.

The banks have asked for a provision of law to require the Government to pay the cost of redemption of its own currency and the cost of transportation between the banks and the Treasury. This, Secretary MacVeagh declines to do, because it would cost the Government about $300,000 a year.

It is also desirable to have gold certificates, payable to order, of the act of 1900, received in payment for Government dues at any place where such payment could be made. This also the Secretary declines to recommend on the ground that it would reduce the cost of domestic exchange.

Mutual Life Insurance Companies Propose National Bank Pensions.

Pensions for all employes of national banks and protection for their families in case of death is proposed to the Treasury Department by the large mutual life insurance companies.

Several representatives of the companies, headed by W. C. Beers, of New York, had a lengthy conference Nov. 14 with the Comptroller of the Currency as to the legality of the plan. Their proposal is to have the Treasury Department interpret the National Bank law to permit the banks to take out a special form of policy for employes.

Some time ago a ruling was made that a national bank had no right under the law to insure the life of one of its officers. That ruling was made after it had been found that a life insurance company had acquired a string of banks and was drawing back all their earnings in the form of premiums on policies on the lives of officers.

Aldrich Discusses Monetary Reform.

Senator Nelson W. Aldrich, chairman of the Commission on Monetary Reform, was the principal speaker at the thirtieth anniversary dinner of the Academy of Political Science given on the evening of Nov. 11, at the Hotel Astor, New York.

He told his hearers that the question of reforming the monetary system was being carefully studied by the commission, but he

did not give any idea of the nature of the remedy which that body would suggest. Those who heard his address before the same body last April were of the opinion, however, that his latest utterance showed a tendency to come around to the idea of a central bank.

Nearly seven hundred guests sat down to the dinner, and among them were some of the leading financiers and students of economy in the country. The Academy of Political Science is almost unique in the sense that it admits women to full participation in its activities in the same measure as it does men.

No less than three former governors were among those at the dinner. They were ex-Governor Rollin S. Woodruff of Connecticut, ex-Governor A. B. White of West Virginia and ex-Governor Myron T. Herrick of Ohio. There were also delegates appointed by the Governor of practically every state east of the Rocky Mountains, besides representatives of commercial bodies from all parts of the country.

A. Barton Hepburn, president of the Chase National Bank of New York, who, in addition to being president of the New York Chamber of Commerce, is president also of the Academy of Political Science, was chairman of the gathering.

Introducing Senator Aldrich, Mr. Hepburn recalled the services rendered to the financial institutions of the United States by the Aldrich-Vreeland act, though he declared that this was only an emergency measure, and he fully recognized its shortcomings. He added that he nearly had heart failure when the retirement of Senator Aldrich from the Senate was announced, but he hoped that Providence and the Legislature which met in Providence might remedy that even yet.

Senator Aldrich said, in part:

What we now propose to do is to seek counsel and to invoke the calm judgment of economists, students, men of affairs, bankers and business men. We shall appeal to the thoughtful men of this country, like those that you met to-day, to the commission of the American Bankers' Association and the representatives of the Merchants' Association of New York, and to other representatives throughout the country, asking them, as I believe we have a right to do, for their co-operation and support in some reasonable solution of this vast question.

You may ask why we have not commenced this work before. I will say that the work of obtaining literature was not completed, but I have another reason for not having called the commission for the last two or three months. I did not think it was wise to enter upon a discussion of this question in the midst of a heated political campaign.

If any solution of this question is to be reached at all, it must be reached without a single tinge of political partisanship. It is not and must not be in any sense a political question. It is a business question, affecting the material interests of the entire people of the United States. Do you realize that the number of depositors in the various banks of the United States is greater than the number of people engaged in useful occupations in this country?

Any plan which for one instant permitted of political control hereafter in any of the great functions of the organization which we might suggest would be fatal. My associates will bear me out when I say this is not a new thought on my part. It has not arisen in my mind since I decided to go out of political life; it was not affected by the events of the last week; but it comes from a knowledge that this question, if it is to be settled at all, must be settled upon scientific and business principles that will appeal to the people of this country regardless of their party affiliations.

The commission have no plan. The commission are approaching this question with an open mind, and we have a right, I think, to ask the economists and thoughtful men

throughout the country to approach it with an equally open mind. And then, with my faith in the intelligence and patriotism of the American people, I believe that there can be no question whatever about the result.

I have been told frequently that we should encounter prejudices, prejudices of locality, prejudices as to the control of great interests, as to any institution or any organization which we should suggest. I realize as well as any person can that there can be no successful solution of this question that does not only eliminate politics, but eliminates the possibility of control in any section or on the part of any interest, great or small.

Schiff Favors Central Bank.

Jacob H. Schiff declared in favor of a central bank as the sure means of averting future panics. Now that the election was over, he said, the currency question should be taken up, even before that of the tariff.

"The question of currency reform," he said, "should not be a party question, for the weal of the entire nation and the whole people is so dependent upon its proper solution that it should have precedence over every other question which now awaits discussion by Congress."

Mr. Schiff added that the American people has learned much in the last few years, and realizes that no system can bring relief unless it is based upon a centralization of bank reserves, now so widely scattered, and because of this of so little actual value in time of distress.

"The emergency currency, which may be issued under the so-called Aldrich-Vreeland act," he continued, "the sufficiency of which has not yet been tested, not unlikely will, if opportunity shall proffer itself for its use, serve well as a temporary makeshift in helping to prevent excessive money rates under conditions which, without such an emergency provision, might lead to great stringency; an actual financial crisis the Aldrich-Vreeland measure will never suffice to prevent."

Mr. Schiff recalled that the Chamber of Commerce of New York declared at first in favor of a central bank and then sidetracked the proposition in the belief that the people, as a whole, were not ready to adopt so farreaching a change in methods.

"I am quite certain," he added, "that the membership of that important body is to-day even more strong in the opinion that no other way exists out of our recurring financial difficulties than the establishment of a central agency, through which the requirement of our everchanging financial conditions shall become prudently regulated and provided for."

While congratulating the country on the quick recovery from the financial panic of three years ago, Mr. Schiff warned his hearers that the country had not become immune, and he advised them to repair the roof while the sun shone, adding, "and it will, I believe, shine for some time to come."

After warning the Monetary Commission that their conclusion was eagerly awaited and would be judged by the American people with intelligence in finding the proper solution, he concluded:

"With the excitement which the late election has called forth ended, let us hope that the country will now go about its legitimate business, for which underlying conditions are for the time being indeed very satisfactory. The two great issues which need to be promptly, courageously and wisely dealt with to assure permanent prosperity are the tariff and the currency; and of these two the currency is the more important and should have the right of way."

New York State Bankers' Association in New Quarters.

A communication from William J. Henry, secretary of the New York State Bankers' Association, announces the establishment of association headquarters on the eighteenth floor of 11 Pine street, New York City.

A Bank on a Steamship Pier.

The Hamburg-American Line has established on its piers in Hoboken a portable bank to meet the demands of incoming and outgoing passengers who usually take up the time of pursers in cashing checks and letters of credit. The bank is octagonal and about ten feet in diameter and the four cashiers who are inside of it can pick it up and carry it to any part of any of the piers. They speak a total of twelve languages and dialects. The pier bank is a branch of a Hoboken establishment.

Buffalo Banks Combine.

The Manufactures & Traders' National Bank has obtained control of the Fidelity Trust Company by purchasing a majority of the latter's capital stock. George V. Forman, who was president of the Fidelity company, has resigned and Robert L. Fryer, president of the Manufacturers & Traders' National Bank, succeeds him as president of the Fidelity Company. Mr. Fryer, who also served as vice-president of the Fidelity, is succeeded in that position by Franklin D. Locke. The Fidelity's deposits aggregate nearly $9,000,000.

Philadelphia Banks Increase Surplus.

Within the past few weeks the following Philadelphia banks have added to surplus these amounts: Northwestern National Bank, $50,000 (surplus now $600,000); Manufacturers' National Bank, $25,000 (surplus

now $350,000); Central National Bank, $250,000 (surplus now $3,000,000); Kensington National Bank, $25,000 (surplus now $300,000.)

Indiscriminate Organization of New Banks a Menace.

In his report on the condition of the state and private banks of South Carolina as of September 22 last Giles L. Wilson, bank superintendent for that state, says: "To the safe, sane, conservative bankers of South Carolina I ask: Where will the organization of new banks end? Should there not be a limit placed on the number of small, weak banks? Their rapid formation is becoming a source of anxiety to this office. Such institutions are a constant menace to existing banks of sound and conservative management. The weak institutions not only compete with the older banks in more or less unfair and illegitimate ways but, owing to their tendency to break down at critical moments, they threaten the solvency of the other institutions in their communities.

"It cannot be gainsaid that the first consideration of a properly conducted bank should be to furnish absolute safety for its depositors' money. This being true, it follows that one strong bank in a community is better for all the people than two or more weak ones. I regret to admit that we have numbers of instances in our state of the two or more weak institutions."

There are now 276 State and private banks in South Carolina. In addition there are twenty other state banks that have been commissioned and are in process of organization. The majority of these twenty will probably be open for business by the time the next call for statement is made. There are forty national banks in the state and another one organizing.

Seventy-five Year Old Bank to Liquidate.

After seventy-five years' honorable existence, the Citizens' Bank of Louisiana, at New Orleans, will be liquidated on Jan. 30 next, and the Citizens' Bank & Trust Company of Louisiana wil be incorporated to continue the business of the bank. The latter has a paid-in capital of $380,200 surplus of $419,800, and undivided profits of $30,000. It claims deposits of $1,600,000 and aggregate resources amounting to $2,430,000. The management of the bank is as follows: G. W. Nott, president; H. Laroussini and A. A. Lelong, vice-presi-

dents; S. A. Trufant, cashier, and H. C. Grenier, assistant cashier.

NATIONAL BANKS OF ST. LOUIS AND VICINITY ORGANIZE A CURRENCY ASSOCIATION.

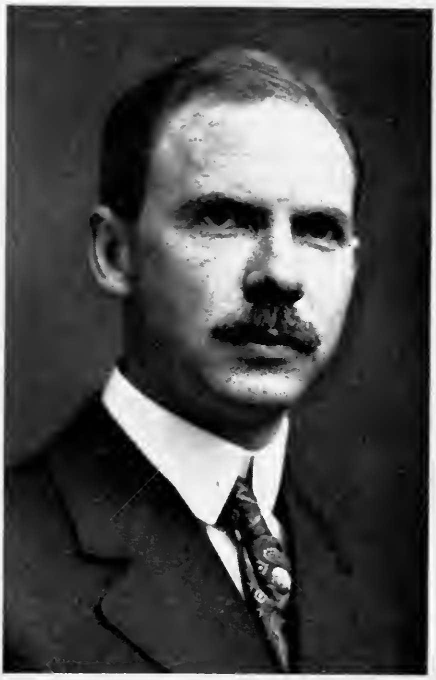
The national banks of St. Louis, East St. Louis and Granite City, moved by the active demand for money and the enormous conditions that require enormous sums for the movement of crops, have organized a currency association under the provisions of the Vreeland-Aldrich currency bill, passed by the late Congress.

The officers elected were: C. H. Huttig, president; Walker Hill, vice-president; W. W. Hoxton, secretary and treasurer.

Executive Committee: B. F. Edwards, H. D. Sexton, A. O. Wilson, Festus J. Wade, W. H. Lee.

CHANGES IN OFFICIAL STAFF FIRST NATIONAL BANK, MINNEAPOLIS.

Some important changes were made in the official staff of the First National Bank, Minneapolis, on October 27. A. A. Crane, a vice-president of the Northwestern National, was elected a vice-president of the First National. George F. Orde, for several years cashier of the First National, was elected vice-president, as was also D. W. Mackerchar, who has been connected with



H. A. WILLOUGHBY

Cashier First National Bank of Minneapolis

A. A. CRANE

Vice-President First National Bank of Minneapolis

the bank twenty-four years. H. A. Willoughby, assistant cashier, was elected cashier. C. T. Jaffray is the ranking vice-president and F. M. Prince the president.

Mr. Crane was offered the position without previous knowledge on his part of the contemplated changes at the First National. Mr. Crane came to Minneapolis in 1887 and was associated with the Flour City National until about fifteen years ago, when he became assistant cashier of the National Bank of Commerce. He was advanced to cashier and then to vice-president, a position he held when the bank was absorbed by the Northwestern National, two years ago. He went to the latter bank as a vice-president. In association work Mr. Crane has been active. For one term he was president of the Minnesota Bankers' Association, and for six years chairman of the executive council. For two years he served as treasurer of the American Bankers' Association and for three years was on the executive council.

Mr. Orde came to Minneapolis more than five years ago from Chicago and has since

that time served as cashier of the First National. Mr. Mackerchar is one of the well-known of Minneapolis bank officers, having a service of nearly twenty-five years in one bank to his record. Mr. Willoughby has been with the First National several years and has been the second in rank as assistant cashier.

Central National Bank of St. Louis Absorbs City National of St. Louis.

The Central National Bank of St. Louis has assumed the liabilities and taken over all the assets of the City National Bank of St. Louis. Three officials of the City National were elected directors in the Central National: M. Landau, who was president; T. L. Rubinstein, who has been vice-president, and Jacob Berger, who has been active vice-president. Mr. Berger has been chosen one of the vice-presidents of the Central National and H. R. Rehme, cashier of the City National, will be assistant cashier of the Central, and all of the employes of the City National have also been given positions with the Central National Bank.

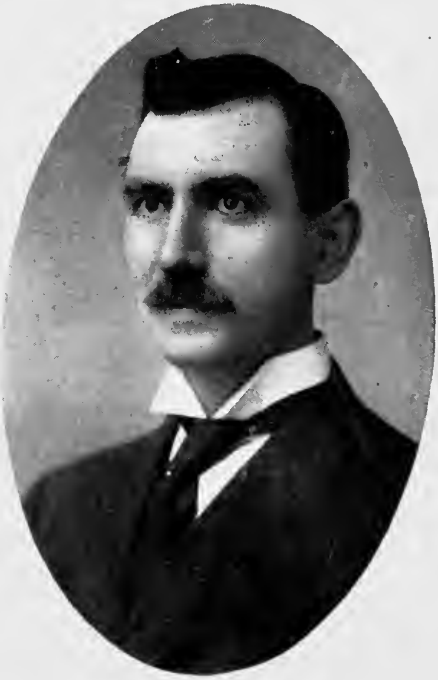
The Central National Bank has a capital of $1,000,000 with deposits of $7,500,000, and this new addition to its business will, of course, result in an extension of its scope of work and add to its growth in many ways. On September first the City National reported a capital of $200,000, surplus and undivided profits of $18,672, and deposits of $1,044,995.

As a result of the absorption of the City National by the Central National a savings department has been opened. This makes two downtown national banks that have savings deposits, the other being the Washing National Bank.

The active officers of the Central National are: H. P. Hilliard, president; M. R. Sturtevant, vice-president; J. A. Beringhaus, cashier; F. Diehm, A. N. Kingsbury, R. W. Hawkins and T. C. Tupper, assistant cashiers.

Godfrey N. Nelson.

Godfrey N. Nelson was born in 1878, educated in the public schools of New York City and attended Adelphi College of Brooklyn, New York. He is a certified public accountant of the University of the



Godfrey N. Nelson

State of New York, a member of the New York State Society of Certified Public Accountants, fellow of the American Association of Public Accountants, a member of the New York Bar and the New York County Lawyers' Association.

For the past eight years Mr. Nelson has been practicing as a public accountant with

offices for the last five years at 52 Broadway, and for three years before that at 48 Wall street, New York City. His reports on commercial, mercantile and manufacturing companies are accepted by a number of New York banks, bankers and trust companies as a basis for loans and extension of credit. Being a member of the New York Bar as well as a certified public accountant, he has obtained considerable legal accounting work such as the preparation of accounts for executors, trustees and administrators; the proparation of cases for indictment and trial involving books of account; co-partnership settlements, etc. He is auditor for several public institutions in New York and has, among his clients, a number of the largest manufacturing, exporting and importing real estate and mercantile concerns of the East. By virtue of his experience in matters of corporation law and accounting, he is frequently consulted by business men in matters of incorporation, stock and bond issues, conservation (with apologies to Col. Roosevelt) of business resources, and as to the best commercial practice in financial matters. He is frequently called upon to make examinations for bankers underwriting bonds.

Mr. Nelson realizes that his success and the recognition of his profession is dependent upon the confidence of bankers and business men and that in order to secure and maintain that confidence, not only must the accountant's report be impartial and show good judgment, but he must himself be faithful to his trust and at all times absolutely reliable. He believes that the services of the certified public accountant, as an advisor in financial matters, has not as yet received its due recognition; that in the course of time the advice of the accountant will be sought more by bankers than they have up to this time.

Just a few years ago it was considered impertinent on the part of the banker to ask his prospective borrower, seeking credit, for a statement of his financial affairs. This practice now, however, has become general and it is the exception where the banker does not ask for such a statement. Mr. Nelson is of the opinion that in the course of time these statements, in order to receive the attention of the banker, will have to be certified to by a certified public accountant. An indication of this tendency is the fact that the form of report now used by a number of New York banks contains the question "Have your books been audited by a certified public accountant?" When the time arrives that this will be the rule, instead of the exception, the benefit will accrue to the borrower as well as to the banker. The certificate of the certified public accountant must be an impartial statement of the facts and should enable the banker to intelligently judge the merits of the proposition presented for his consideration. The certified public ac-

countant is, in Mr. Nelson's opinion, fast becoming recognized as a factor in financial matters and his peculiar fitness, by training and experience, should make him particularly valuable to banking interests.

Mr. Nelson has in course of preparation, a work on "Law and Accounting for Executors, Administrators and Trustees," which will go to press within a few weeks. He is the author of a number of magazine articles on accounting subjects, including one on "Accounting as a Skilled Profession."

San Francisco Banks Are Merged.

With deposits aggregating more than $4,000,000 and with something like 10,000 separate accounts, the Western Metropolis National Bank, which is a consolidation of the Western National Bank and the Metropolis Savings Bank, begins business in the Metropolis Bank Building.

The merger of the two banking institutions, which was announced some time ago, did not go into effect until October 31, when the last of the safe deposit boxes and books were removed from the Western National's offices in the Flood Building to the Metropolis Building.

Alfred L. Meyerstein, president of the Metropolis Trust and Savings Bank, becomes president of the new Western Metropolis National Bank, while President John H. Spring, of the Western National Bank, becomes vice-president. William C. Murdoch, Jr., is cashier of the consolidated bank. The entire office forces of the two banks have been retained.

The Western Metropolis National Bank occupies one of the five prominent corners in the heart of the banking district. The other four corners are occupied by the First National Bank, the Crocker National, the Wells-Fargo Nevada National Bank and the Palace Hotel.

The merging of the two banks gives the Western Metropolis National Bank the largest safe deposit vaults west of Chicago. The vaults have a feature that distinguishes them from other vaults in the city, as they will be accessible from 7.30 in the morning until midnight every day in the year, including Sundays and holidays.

The directors of the consolidated banks are: Alfred L. Meyerstein, John M. Keith, A. A. Watkins, G. H. Umbsen, John H. Spring, Gavin McNab, George C. Boardman, Robert Oxnard, C. A. Hawkins, Charles Hagmaier and Harry N. Stetson.

Comes to New York.

On the first of November Fred W. Ellsworth took up the duties of publicity manager for the Guaranty Trust Company of New York. Mr. Ellsworth entered the em-

ploy of the First National Bank of Chicago in 1892. In 1905 he was appointed manager of the department of advertising and new business. In July, 1909, he became associated with the bond house of Trowbridge & Niver.

Mr. Ellsworth is a Fellow of the American Institute of Banking and a charter member of Chicago Chapter. He has been an indefatigable worker for the chapter since its organization. He has served as editor of the *Bank Man*, the official organ of the chapter, and as chairman of various committees; was a delegate to the Atlantic City and Detroit conventions; vice-president of the chapter in 1906, and after the most closely contested campaign in the history of the organization became president the following year.

GENERAL NEWS NOTES

Personal and Otherwise.

A bank is to be opened in the Irving School of Kansas City, Mo. It is to be a real bank, a branch of the Missouri Savings Bank. The cashier, who will have charge, is Royal Griffin, a sixth grade boy. Snce last spring, when the idea of pupils saving their pennies and small change was suggested, the pupils have taken so much interest in bank accounts that the plan for the branch bank was evolved. The boys in the manual training department are making the cashier's "cage," which will be located in the main hall. The cashier will not pay out any money, but will sell bank stamps, which will be accepted for deposit at the downtown institution.

—The mangement under which the prospective People's Trust & Savings Bank of Chicago will begin business has been completed, and President C. H. Bosworth, formerly a national bank examiner, will have the assistance of R. H. Griffin as cashier, Earle H. Reynolds as assistant cashier and W. J. Cook as secretary. The directorate will be made up of Mr. Bosworth, Samuel M. Felton, president of the Chicago Great Western Railroad; James F. Meagher, vice-president of the People's Gas Light & Coke Company; Julius Kruttschnitt, vice-president of the Southern Pacific Company; George M. Reynolds, president of the Continental & Commercial National Bank; Charles G. Dawes, president of the Central Trust Co. of Illinois, and W. Irving Osborne. As previously noted the new insititution has been formed with $500,000 capital and $125,000 surplus.

—C. H. Rodenbach, for nine years president of the Cedar Falls (Iowa) National Bank, left the institution November 1, and H. S. Gilkey succeeded him. Mr. Rodenbach becomes Eastern manager of the Day-Hansen Security Company of Spokane and will have headquarters in Chicago.

—The Boulevard Trust Company has just been organized to do business in Brookline, Mass., with a capital of $100,000 and surplus of $25,000. The officers are: Frank A. Russell, president; William A. McKenney, vice-president; George M. J. Bates, treasurer; and Roswell C. Downer, actuary. The company will begin business about December 15.

—National banks in Chicago lost a little more than $5,000,000 of their total deposits between Sept. 1 and Nov. 10. In the same period they reduced their total loans nearly $4,500,000 and increased their cash means by about $450,000.

Total deposits in the fourteen banks Nov. 10 were $409,972,000, against which was $165,700,000 of cash and "due from banks," making virtually forty per cent. of cash means. Many of the banks are in stronger cash position now than they were Sept. 1.

The deposit decrease is chargeable principally to the withdrawal of country balances for crop moving purposes. Doubtless deposits will begin to climb again as soon as the movement of funds turns back toward the cities.

—At a meeting of the stockholders of the American National Bank of Richmond, Va., on Oct. 31 a new $100,000 issue of stock was authorized which will increase the capital from $500,000 to $600,000. The selling price of the new stock is $150 per share. Earlier in the present year the bank's capital was raised from $400,000 to $500,000.

—Justice George Freifeld was recently elected first vice-president of the Citizens Trust Company of Brooklyn Borough to succeed Thomas F. Magner, resigned. Some months ago differences with regard to the mangement of the company arose between the directors with the result that Mr. Magner and several of the other directors decided to dispose of their holdings and withdraw from the institution. President Nathan S. Jonas is said to have arranged to take over their interests, amounting to 900 shares, at $140 per share, to be paid in installments, the final payment falling due Oct. 1. Those who retire with Mr. Magner are David Michel, Alexander J. McCollum, Frank J. Helmle and Dr. James E. O'Donohue. With Justice Freifeld's election as vice-president on October 19, Arthur S. Somers and Jeremiah Wood were made members of the board of directors. Ralph Jonas was elected to the directorate last August, succeeding H. B. Rosenson.

—At a recent meeting of directors of the Fifth Avenue Bank of New York, B. H. Fancher was elected vice-president, and Theodore Hetzler appointed cashier.

—Alexander Phillips, who was elected in September as secretary of the United States Mortgage & Trust Company of New York, with especial charge of its foreign exchange department, has entered upon his duties. Mr. Phillips was formerly submanager of the London office of the Societe Generale de Credit Industriel et Commercial of Paris.

—Lynn H. Dinkins of New Orleans has been elected a director of the Mutual Alli-

ance Trust Company of New York. Mr. Dinkins is president of the Inter-State Trust & Banking Company of New Orleans.

—The Union Trust Company of Spokane has changed its name to the Union Trust & Savings Bank. The institution has arranged to take over the quarters of the Old National Bank when the latter moves to its new building.

—Adolph Dumser, a member of the port commission and one of the best known business men in Louisiana, has been made an active vice-president of the Metropolitan Bank of New Orleans. Election of the new vice-president took place recently. Mr. Dumser is prominent in Poydras street, which is the produce wholesale market of New Orleans, and something of the success of the board of port commissioners, which has charge of all the port facilities of the city, is due to Mr. Dumser's zeal and effort.

—The board of directors of the Live Stock Exchange National Bank of Chicago has been increased from eight to eleven members by the addition of the following: Edward F. Swift, of Swift & Co.; Charles M. MacFarlane, secretary of Morris & Co., and H. E. Poronto, secretary of the Chicago Junction Railway.

—Two hundred thousand dollars of additional capital stock will be issued shortly by the People's National Bank of Charleston, S. C. This will bring the total capitalization up to $500,000. It is the general policy of the banks of South Carolina to keep their capital to a minimum in order to reduce tax assessments, but the unprecedented increase in the business of the People's Bank has made this change necessary.

—John H. Carter will be president of the new National Bank of Commerce in process of organization in Atlanta, Ga.

—At a recent meeting of the stockholders of the Hamilton National Bank of Hamilton, N. Y., A. N. Smith, vice-president of the institution, was elected president. He was succeeded by John Harmon, of the board of directors, who was in turn replaced by Dr. French.

—A. C. Robinson and George D. Edwards have been elected vice-presidents of the Commonwealth Trust Company of Pittsburgh.

—Stockholders of the Republic Trust Company of Philadelphia have voted to increase the capital stock of the company from $200,000 to $300,000. The stock will be offered to stockholders on a basis of fifty per cent. of their present holdings at $62.50 a share ($50 to be applied to capital account and $12.50 to surplus), making the total capital and surplus $400,000.

—F. W. Capper has been appointed cashier of the Home National Bank of Union City, Pa., vice James M. Dunbar.

—At a meeting of the board of directors of the Corn Exchange National Bank of Philadelphia, Frank H. Moss was elected a director to fill the vacancy caused by the death of Benjamin Githens. The sum of $50,000 was added to surplus, making that fund $1,450,000.

—At a meeting of the directors of the First National Bank of McKeesport, Pa., Charles A. Tawney, cashier, was elected vice-president of the institution, to fill the position made vacant by the death of J. W. Bailie a few weeks ago. Mr. Tawney will continue as cashier.

—Jacob H. Schiff, senior member of the firm of Kuhn, Loeb & Co., of New York, has been made a trustee of the Central Trust Company of New York. He was also elected a member of the executive committee.

—The Arlington Trust Company of Lawrence, Mass., began business on October 17 with $200,000 capital. It is successor to the Arlington National Bank, which was placed in voluntary liquidation on October 15. The bank had a capital of $100,000.

—Henry F. Wilson, assistant secretary of the Bankers Trust Company of New York, has forsaken his bachelor ways. He was married Nov. 9 to Miss Ruth Gray Ludlow, the daughter of Mr. and Mrs. L. R. Ludlow of Sherman, Texas. Mr. Wilson commenced his banking career in 1900, when he became connected with the New York Security and Trust Company. He worked his way up and in 1904 became identified with the Bankers Trust Company, in which company he now holds the important official position of assistant secretary.

—Newton D. Alling, who has been with the Nassau Bank of New York twenty years, and Ray M. Bailey, who has been with it fourteen years, have been elected assistant cashiers of the bank.

Mr. Alling for the last two years has been chief clerk of the bank. This past year he was president of the American Institute of Banking section of the American Bankers' Association, presiding at the annual convention, which was held last June at Chattanooga. He has been a member of the board of governors of the New York Chapter of the American Institute of Banking, and is a past president of the chapter. Mr. Bailey, the other newly elected assistant cashier, is also an enthusisatic member of the A. I. B.

—On Nov. 1, Fred Sutton, cashier of the First State Bank of Oklahoma City, Okla., was succeeded by C. M. Hammel, formerly assistant cashier; M. M. Bath was elected assistant cashier, and C. O. Rhoades, teller.

—The Union Trust Company of San Francisco is now doing business in its new home at Market street and Grant avenue. The new building, a graceful granite structure of Grecian type, is one of the most beautiful banking houses in the West, and represents a money outlay of about $1,750,000. The main room is fifty-five feet in height from ceiling to dome, but the effect of unusual height is softened and minimized by a gallery running around the entire room, furnishing a mezzanine floor, on which are located the trust department, bookkeepers' desks, etc. The directors' room, beautifully finished in Circassian walnut, is on the third floor. The vaults, bank and safe deposit are in the basement, below the street level. The color scheme produced by marble and bronze fixtures, and the rich gold and ivory tinting in walls and ceiling, sets a new standard in interior bank architecture in San Francisco. Every modern device for facilitating quick communication and a high degree of service, such as the dictograph, telautograph, pneumatic tube system, etc., are to be found,

and the wisdom and good taste displayed in the structure and furnishing of the bank are to be commended. The total assets under the control of the bank in all departments exceed $140,000,000.

BANKS CLOSED OR IN LIQUIDATION

ARKANSAS.

Mena—National Bank of Mena; in liquidation, Nov. 1.

CALIFORNIA.

Los Angeles—All Night & Day Bank; in hands of state superintendent, October 14.

KENTUCKY.

Beattyville—National Bank of Beattyville; closed October 15.

Olive Hill—Olive Hill National Bank; in liquidation, Oct. 15.

LOUISIANA.

Baton Rouge—First National Bank; in voluntary liquidation, October 1.

MASSACHUSETTS.

Brookline—Brookline National Bank; in liquidation, Oct. 31.

Lawrence—Arlington National Bank; in liquidation, Oct. 15.

MICHIGAN.

Grand Rapids—Grand Rapids National Bank; in voluntary liquidation, October 1.

Detour—Chippewa County Bank; closed October 6.

MISSISSIPPI.

Vicksburg—American National Bank; in liquidation, Nov. 2.

NEW JERSEY.

North Plainfield—Borough National Bank; in voluntary liquidation, September 15.

NEW YORK.

Poland—National Bank of Poland; in voluntary liquidation, July 1.

NORTH DAKOTA.

Maddock—First National Bank; in voluntary liquidation October 4.

WISCONSIN.

Ladysmith—Ladysmith National Bank; in liquidation Oct. 24.

WYOMING.

Saratoga—First National Bank; in voluntary liquidation July 1.

THOSE "SOFT HUNDRED DOLLAR BILLS

"THE request for an 'old soft hundred dollar bill' has become so frequent of late," said the ladies' teller in an uptown bank, "that I made so bold as to ask a friendly depositor what this feminine craze for shabby hundred dollar bills stood for.

"'All your hundred dollar bill ladies have autos, I suppose?' she said. I admitted that most of them had.

"'Most of them have country places within easy motoring distance?' was her next question. I thought a minute and said that many of them were semi-suburbanites.

"She then went on to say that if I was any kind of a Sherlock Holmes I'd be able to put these facts together and see that suburban living often necessitated rapid motoring; that this meant arrest and that bail was a good thing to have on hand. An extra hundred dollar bill, closely wadded and pinned under a cushion of the machine was fairly safe from theft and often saved the situation. A new bill is too crisp for pinning and is apt to rustle when touched. The old bill's just the thing for tucking away in a card case or vanity bag or pinning in some pocket of the machine. 'Quite safe, but effective,' was the way she summed up the bailing virtues of the shabby hundred dollar bill."—*New York Sun.*

SUB-TREASURIES AT ST. LOUIS AND CHICAGO TO MUTILATE OLD PAPER MONEY

THE Treasury Department has extended the system of cancelling notes to the sub-treasuries at St. Louis and Chicago, which, it is said, will result in a saving of about $75 per day at each place.

The old system was to send the money for redemption to Washington, where it was cancelled and cut. The government had a standing contract with the express companies to transport this money. Now since the money is cancelled and cut at the sub-treasuries, the mutilated money can be sent by registered mail with a great saving. This plan has been in operation in the sub-treasury at New York for some time.

A NOVEL "BANK BOOK"

Victor M. Grab & Co. of Chicago, manufacture a beautifully oxidized copper finished bank, made of best cold rolled steel. It locks with master key and has openings for coin and bills. It is shaped like a book. It is neat, handy to carry and light in weight, yet practically indestructible. Size 3¾x5x1⅝ inches. Has nickeled name plate, on which bank's name is stamped. Every bank like this given out insures increased deposits, because the teller has the key and he alone can open the bank and take out money placed therein.